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ROYAL COMMISSION ON DOMINION PROVINCIAL-RELATIONS

REPORT OF HEARINGS

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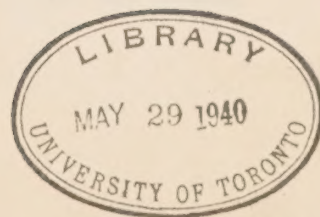
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REPORTERS:

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John Robertson  
David Torry

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Hearing Room, Board of  
Railway Commissioners,  
Ottawa, Ontario,  
May 25, 1938.

## MORNING SESSION

The Commission resumed at 10.30 A.M.

THE ACTING CHAIRMAN: Gentlemen, the meeting is open. Before reaching the order of the day I would like to congratulate Dr. Dafoe who, after a strong lobby and by a very small majority, was elected yesterday President of the Canadian Political Science Association. We are very happy to see Dr. Dafoe in that position.

COMMISSIONER DAFOE: I am an old political hand, and I exercised all the human devices, which a friend of mine said was so essential, to obtain this objective which has long been dear to me.

DR. GUNNAR MYRDAL, of Sweden was called.

THE ACTING CHAIRMAN: Dr. Myrdal, on behalf of my fellow commissioners and of our research staff it is a pleasure for me to hear you this morning in Ottawa. We will listen with great pleasure to the member of the Stockholm University, a Professor who lectured in Harvard and Geneva. We hope to profit by what you will say to us on a rather technical subject. May I point out that this is rather an informal meeting, and many questions will be put to you either by the Commission or by any of our experts here. We wish to profit by your science and your learning. Will you please tell us whether you prefer not to be interrupted and that we wait until the end of your address, or whether you are prepared to answer any questions which may be put to you. It is what you prefer, and we will conform to your wishes.

DR. MYRDAL: Gentlemen, I know I have a very difficult task before me, to give a presentation based on the experiences in my country.....

THE ACTING CHAIRMAN: Have you any objection to being interrupted?





DR. MYRDAL: No, that would guide me very much in my presentation.

THE ACTING CHAIRMAN: Any question can be put even during the lecture?

DR. MYRDAL: Yes. The questions put to me are formulated as follows: The Role of Public Finance in an open Economy, with particular reference to the influence on the business cycle, the desirable objectives of and limitations on social welfare policy, problems of severe fluctuation in income and employment, and of adaptability to secular trends which modify the character of the economy.

These questions are broad and general. I had a very interesting talk with Mr. Skelton, your Secretary, yesterday, and got some ideas about your problems and what you wanted me to give information on. We thought it would be best that I first give a very short description of the general economic development in my country, a development which, by the way, is in many respects similar to the development in this country; and thereafter talk upon the subject of our economic policy during the crisis, and the present economic problem. Thereafter I shall go a little further into detail as to how we have organized our system of public finance in order to meet the next depression, and the work which we have done in order to reshape our national budget. I shall also touch on the relation between the state public finance system and the subordinated country and community finance system, though not go much in detail. Then after that I shall go into our social reform policy, and finish up by saying something about our agricultural policy, our forestry policy and our general tariff policy, and generally the way in which we try to deal with the adaptation of our national economic policy to the changes in the economic and financial structure of the country. That is the general line I will follow, and I must be very short on all the





particular subjects. My difficulties of course, are that I do not know quite what you are interested in. We are at home probably interested in quite a number of things that you are not particularly interested in, and because of that I will be very glad if you will interrupt me and put questions to me, which will lead my way.

Sweden is a new country. If I start in the beginning of the last century, the nineteenth century, we had then a population of considerably under 2,500,000. A little more than one hundred years ago we passed 3,000,000 and now we have a population of 6,300,000, or something like that. We have had a birth rate which was keeping over or about 30% towards the end of the century; the mortality was sinking from the beginning of the century. That meant a very rapid increase in population from the very beginning, during the whole period. The remarkable thing is that this large population increase was absorbed, mostly in agriculture, because the towns did not increase and industrialization did not, in fact, start very actively before the middle of the last century. In 1870 three quarters of the Swedish population were getting their living from agriculture, and now not very much more than one-third make their living from agriculture. From 1870 up until now there has been an industrialization process which has gone on with almost the same rapidity as on this continent. Because of that, Sweden is very much a new country. Of course, the big immigration from Sweden especially to the United States, which started in the middle of the century and had its peak in the 80's, drew out people from the over-populated agricultural districts. Later on when industrialization within Sweden got ahead the Swedish industry absorbed more and more of this over-population in agriculture and at the present time I think even if the United States did not keep up their quota system there would be very little immigration from Sweden.

In the beginning the industrialization of Sweden meant very





much the creation of industries which produced raw materials, especially forestry products, -- timber and such things. There you have the start, but of course, there was also iron mining and other industrial activities. From the early 1890's there has been a big change in Swedish industry to products which require more capital and labour, though, of course, now also the raw material producing industry, -- the iron ore industry and the lumber industry play a very large role. During this time, especially within the last generation, the home market has come to mean more and more to the Swedish industries. This process was, to some extent, due to the increase of certain tariffs in the 80's and in the '90s. I do not think that is the most important element, however, I think the most important element is the rising standard of living, which means that the consumers at home direct more and more of their consumption demands to housing and personal services, -- I mean goods which are protected without tariff, things which you cannot import to any great extent.

One quarter of our production is production for export, which means, naturally, that our whole system of national economy is dependent very much upon the international system. About half of our exports are forestry products, now less of the raw material type than before, but nevertheless we still export a lot of timber, mostly into England. Furthermore, just to touch on that, another and rather large part of Swedish exports are products of highly skilled labour, very fine technical things like ball bearings, telephone equipment, and so on. Of course this export situation is rather favourable to us. We have been exporting raw materials which, on the whole, have not been subject to tariffs, and in addition things like ball bearings, or telephone equipment, which have the ability to go over tariff barriers. Then, we have had an advantage in the changes in our international terms of trade, which are becoming more and more favourable to Sweden. In fact, I think in 1929 our export trade could purchase





15 per cent more import goods than before the war, and now I think perhaps twenty per cent more which means a change of tremendous importance: our exports are getting more and more valuable and our import goods are getting cheaper. Our import goods are mostly raw materials for the consumption industries, -- coal, cotton and other materials for the textile industry, etc. and consumption goods like coffee beans and a lot of such things.

In industry we have labour organized to nearly 100 per cent in a unified system of industrial unions rather much centralized. In agriculture not more than one-third of labour is organized, but the organizing goes forward very rapidly. The situation on the labour market, if I may anticipate what I am coming to later, is characterized by Swedish labour not being interested very much in fixed minimum wages or shorter hours, -- that type of labour legislation which has been going on in Anglo Saxon countries generally. The Swedish trade union man's idea is that he does not want to have minimum wages because they very often get to be maximum wages. That is one reason. Another reason is that the workers will then not be so interested in belonging to the trade unions. And the third reason is that, having such a strong trade union system, the workers feel they do not need the assistance of state legislation to keep up wages. Perhaps it is a little out of order that I take it now, but on the whole the Swedish workers are of the opinion that they do not either want to go in for legislation of very much shorter hours per week. Their idea is -- and we economists are to some extent responsible for these views of Swedish workers, that there may be reasons of physiological and psychological character for passing a shorter week than the 48 hour week, which is the legal one, in special industries where they have a rationalized and fast way of working. A shorter hour week might then be motivated as more efficient. But on the whole the Swedish workers, having the low standard of living which we have in Sweden, have the



interest of being able to work and work as much as possible in order to raise the standard of living. So that you will find that in Geneva the Swedish workers' representatives as well as the government have been very cool or negative in this particular respect of getting shorter hours a week. The Swedish worker has the idea that he does not want to take unemployment as given and so share it between the workers. He rather wants to increase employment. Well, that was in parenthesis.

I will then just say something about the economic development and the economic policy during and after the crisis, but I must be very short. There was, in 1929, no particular reason within Sweden, I think I might say, for a crisis or a depression. During the time after the war Swedish industry recovered very rapidly from the deflation crisis, 1920 to 1922. The wages were then falling sharply. It was the policy of the trade union system at that time to get down the wages in order to get to a normal situation again. Everybody thought the prices and wages were too high. Industry was very much in the hands of the banks after the deflation, and the banks were very eager to get rid of the industry again. They, therefore, compelled industry to rationalize in a rather quick way, so that we got to the ground rather quickly after the deflation.

Sweden had been capital importing, just as Canada was, until the war. We built, e.g. our railways with foreign money. During the war we were able to pay back a lot of our foreign debts; not so much due to the fact that we earned so much money by delivering armaments and so on to the belligerent countries, but due to the fact that we were living under "forced saving" -- we could not get the consumption imports, so people had to live on a lower level. That meant a big saving, which was to a large extent put into paying our debts, as all the countries wanted to have our export goods during the war. After the war Kruger drew capital from the Swedish capital market. Just





because we had this big capital export there could not be so much speculation or investment in Sweden, so that the boom up to 1929 or 1930 was of a less speculative character. In fact, Sweden was not much affected by the crisis in 1929. We had actually in the summer of 1930 less unemployment than in the summer of 1929. But, thereafter of course, we got into the general crisis. We were compelled to leave the gold standard. We did not do it because we wanted to, but we were compelled to do it for the reason that we kept up production wages and consumption by a low rate of interest, and, therefore, imports were also kept up, though the export market was ~~sinking~~. We further loaned money on long terms and we borrowed money on short terms. You could well imagine some of these factors changed and you would have found Sweden among the gold countries, because the opinions prior to 1931 were certainly in that direction. As you know, we depreciated our currency very much. We were compelled to do it, and it came down very low. Then we had about the same development as the rest of the world and a turn of the downward movement from 1933. The rapid recovery in Sweden was due, I think, mainly to the following factors: the monetary policy, - if you want to call it a policy, it was not a policy until 1933. Furthermore, the very favourable development of the export trade, which also in 1933 started to rise, though it actually meant something for employment first in the beginning of 1934. These two factors, of course, are the most important ones. But, to go on with the policy which we followed in other matters, these policies have been of importance too. The fact that we kept up wages rather well, (wages were actually not falling more than 6 to 7 per cent between 1929 and the bottom of the crisis, and they have not been rising very much more after the crisis, from 1933 to 1937) kept up the consumption power. Then furthermore, of course, there is our agricultural policy, our public finance, and our public works policy. All these were, so to speak, fitted into the economic policy system. They were, in fact, founded politically





upon a compromise between the farmers party and socialist party, and these two parties now, since 1936, are actually co-operating in the government, the farmers party having three members in the cabinet. The agricultural policy, I will come back to later. The idea was to keep up the incomes of the farmers. And the Public works policy was likewise to keep up employment and increase incomes.

I would like to stress that I think it must be stated that the monetary depreciation and the favourable development of export trade from 1933 were more important factors in the recovery than the agricultural policy and public works policy although it is difficult to say what you mean by "more important." In such a development you cannot say one-third is due to that and one-third to that, because every element may have been necessary in order that you should have a fundamental change in the downward trend.

MR. SKELTON: When did the public works policy start?

DR. MYRDAL: The public works policy started actually rather late because we had a liberal-conservative government until 1932, and the policy then was to keep down public investment, and keep down expenditure. Then at the parliament in the Spring of 1933, we decided on a big public works programme; we decided upon it but did not have the plans ready, we had very much to extemporize them. Furthermore, we had a big strike in the building industry from the Spring of 1933 to the Spring of 1934, just at the time when the State public works should start, which meant that not until the beginning of 1934 was there appreciable success in the public works system. Then, of course, the recovery was already under way. I think the public works mean most for continuation of recovery. Around 1935 and 1936 there was a slight tendency to recession, and then, of course, the public works policy was in force.

That was just a sort of short description of our general



economic development. I shall now go over to what must interest you more, - our present policy. I will start with our new budget policy.

We have had a Commission on the budget, how to build our public finance structure for the future. The Minister of Finance was Chairman and then there have been five professors of economics and five general directors from the administration on the Commission, and we reached a unanimous solution of that question. I will say something about it, as it may be of interest to you.

Of course the assumption for our work is that the Swedish Public Finances are on the whole very sound. We do not have the war debts. In fact, the capital assets of the country are valued to, I think, 50% more than the debts. And the incomes from the state earning assets are about thirty or forty per cent higher than the total debt services.

During the crisis we borrowed, against our principles, for unproductive work; but the provision was made that this extraordinary borrowing should be repaid in a very short time. We said at first seven years and then five years. In fact, we repaid it all within the budget which was closed in the summer of 1937. That is a most important thing, because nothing succeeds like success, as you say in England. And many of the business and banking people in Sweden, who in this time, said that we were spoiling the finance system, they saw that the extraordinary borrowings were repaid. They now quite generally have themselves, I think, what they described as bolshevik ideas a few years earlier.

This committee had first to decide in what degree we wanted the finances to be "sound". Of course, there is no absolute definition of "sound finances". Actually the best definition you can give to it is trend of development in future of the net value of the capital assets minus the debts. If you have less





sound finances that means that the trend is brought down. It is a political question, a question of valuation, what degree of soundness you will have in a public finance system. If the trend is more upwards, that will mean that the state is going to own a larger proportion of the wealth in the country. It will mean certain changes in the distribution of capital and incomes depending upon the type of taxes which you can keep smaller or higher in the different developments of these national net assets, and it will have certain effects upon the total capital formation.

We came to agree, on the whole, that we in Sweden wanted to have very sound finances in the long run. Sound finances is a conception which only applies to the long run. There is no use talking of sound finances of one year, not very much more than to talk about sound finances of one month or one week. In spite of it being a political question, we are rather unanimous, which might be explained in the following way: The radical people, the socialists saw, of course, that if we kept to a less sound principle we would have the possibility in this short run to increase the social welfare policy, more than if we kept to a higher level of sound finance. On the other hand, we saw that if you follow a less sound finance system then you might, within a very few years, come to a situation where you have to increase your taxation in order to meet the larger debt services, and then perhaps the whole social welfare system, which we are controlling, will break down, and it is also dangerous for the whole democratic system of government. The Conservative, who perhaps looks upon the social reform work, that we are doing with lesser interest, has about the same view of sound finances. We, on the whole, agree upon that.

So we said we will have a sound finance. Furthermore we will keep to the old principle which is traditional in Swedish finance that the State can only borrow money for productive purposes, and this money borrowed for productive purposes must be taken care of





in a sound sinking fund system. But then the task remains how to make such a budget system flexible in the short run.

The way which we used during the crisis was the general one in almost all countries. Certain non-productive expenditures for unemployment relief, agricultural policy, public works in general, and all those things, provided we could pay it back in a short time. In fact, that meant creating an extraordinary emergency budget which is financed by loans instead of by taxation, even if we kept it in one.

Now, we said to ourselves that that system was rather bad for many reasons. First it produced a break of unity in the budget system which means a hindrance of democratic control, and secondly, which follows from the first, you come to this curious situation, where the Minister of Finance has to be very parsimonious and stingy about the whole ordinary budget, while he has at the same time to spend money to create employment by increasing those items of expenditures which we can borrow money for, which is certainly irrational. Because of that we said that the ideal is that you can underbalance the whole budget during depression times, but that you find out some method by which you can nevertheless keep public finance sound in the long run, which is the important thing.

Our solution is broadly the following: We make a sharp demarcation line between the running budget, which contains on the one hand all our taxation and incomes from our income earning assets, and other ordinary state incomes, and on the other hand the ordinary expenditures in the different departments, - and the investment budget - (which is the budget for your investment in different productive funds, in income-earning assets, railways, post and so on. Of course here I ought perhaps to mention that in Sweden very much is run by the State and that is not a result of socialist reforms, that is just taken over as a heritage of the old society.). The main railways are run by the State; even the



private railways are in fact mostly public, as ten shares are owned by the communities and the bonds to a large extent by the State which is also fixing the rates and all those things. Further, we have the telegraph and telephone, a large proportion of the water falls and of the forests. Public utilities are mostly owned or controlled by the State or by the communities. And we have ~~these~~ new state monopolies, the tobacco monopoly and the liquor monopoly, and there has been a discussion of a cafe monopoly and an oil monopoly.

Q. May I interrupt? Apart from your public works policy, have you had any special problem during the depression period of direct relief?

A. Yes.

Q. And if so, where would you put that in the budget? Would you class that as an ordinary expenditure?

A. It is an ordinary expenditure under our new system. I am coming back to that.

We have thus these two budgets, the running budget and the investment budget and the sharp demarcation line between them. The second principle is that there is no reason to add these two budgets, add the running expenditure and the investment expenditure. I mean it does not say anything. A private business man should not do that with the corresponding items in his book-keeping.

The investment budget must of course be balanced. And that is a very easy thing, as the investment budget is naturally financed by loans as far as there is a new investment over the re-investment financed out from depreciation. The running budget, on the other hand, we do not want to balance each year but we say we will close the running budget for the state with a deficit or a surplus. And we say that the only security we have for sound finances in the long run is that to get absolute clarity about the fact that we are under balancing and over balancing.

Now, we say we are going to show the state budget as clear as





we can and avoid all this hidden underbalancing in all the small corners of the budget. And then we mean it is natural that in a depression time you should have an underbalanced budget, you should have a deficit on your running budget. But in order to keep our finances sound such a deficit is accumulated and placed upon our neck. It is divided on the next five years for amortization.

Let me give you an illustration, I think that is the easiest way to explain it. Supposing year one is a depression year and that we have a deficit on the running budget of \$100,000,000. Supposing that year two, we have the same deficit in fact, then we will have, however, on the running budget a deficit of \$120,000,000. That is \$100,000,000 plus \$20,000,000 which is one fifth of the deficit of the first year. Suppose it is a very long depression so you have a deficit also in the third year and that you are again in reality underbalanced in the budget by \$100,000,000. The deficit will be, however, \$100,000,000 plus \$20,000,000 plus \$20,000,000, equal to \$140,000,000. Supposing in the next year, the fourth year, you are actually in fact balancing your running budget but not more, not paying back anything. Then you will have a deficit of \$60,000,000. \$20,000,000 plus \$20,000,000, plus \$20,000,000 is accumulated on your neck. The fifth year, perhaps we will suppose you get a formal balance of the budget which however means you are overbalancing by \$20,000,000 plus \$20,000,000 plus \$20,000,000 plus \$12,000,000, one fifth of the last year's sixty. And you cannot get rid of the burden of your old sins before you pay it all back. If the business boom is very good, then you can always increase the fund over which this under and over-balancing is booked. On the whole, however, we think it is better not to have a positive business equalization fund, but to keep it normally negative. On the whole we think we are not going to get it above a fund higher than \$75,000,000. That is, if we have it now at \$75,000,000, and we get a depression year and underbalance by \$100,000,000, then you should have only \$25,000,000 on your





shoulders. You see the idea behind this whole thing is to make the budget flexible, as I say, to the maximum degree, but nevertheless to have some sort of guarantee that in the long run the budget will be balanced, over several years.

Of course, when I say now five years, it is possible for Parliament to pay it back earlier. That is in fact what we have just done.

Q. The setting of five years does not determine ---

A. That is the maximum.

Q. That just determines the standard which you may or may not need?

A. Yes. Suppose you should have a depression for many, many years, there is no time limit, you could underbalance your budget for ten years, but you would certainly then have a tremendously big sum of deficit. I mean, our idea is that our only guarantee for sound finance is to have absolute clarity about what you have been doing to the soundness of public finance. That is to say, the form of structure which we have built up. On the whole we believe that the public finance system is not a very useful method to deal with month to month and day to day difficulties. In the business cycle policy, you must rely on the monetary measures and other measures, and the most you could have from public finance is to get a rather rigid structure, which is reacting automatically, or more or less automatically, in the way of a counter cycle. Now, of course, that is not the only measure of crisis preparation I might here, if I am not too lengthy on this subject, mention that the mere fact that the State is controlling so much of production as it actually is, means that without having the necessity to have such deficits we can make much of employment during bad times if we can only get the people running the railways and waterfalls and so on, to think in terms of counter cycle instead of the opposite. That is the big difficulty, because the men running the railways and controlling them think naturally that when the traffic



goes up then it is the time to invest and when traffic goes down then they are not interested very much in investment.

Furthermore, even if we keep to this limitation between the two budgets that your investment budget only can be the investment for productive purposes, many types of expenditure can be re-defined.

For instance, we have in Sweden founded a new self-liquidating fund for the public buildings, I mean schools, hospitals, and such things. They are financed on a special item in the investment budget; and different parts of public administration, for instance, schools, hospitals and so on, they have thereafter to pay rent to this public fund. They have to pay rent and that rent is used to finance the debt service. These rents are normal items upon the expenditure budget for that special branch of administration in the running budget. In the same way we have discussed putting over the road building to such a self-liquidating fund. By these measures we have increased the possibility of keeping the budget flexible without difficulty.

Another result of this reform will be, though it is not the principal or the important one, that we get much better accountancy and bookkeeping of the real expenditure for different branches of public administration.

You must remember that we have, in Sweden, had a really good boom and even at present, I am not quite in good contact with Swedish economy in the last few weeks, but when I left Sweden we had only a slight recession, or perhaps not more than a danger of a recession. But we are, of course, planning for the next depression. This new budget system is one part of that plan. Another part is that we have gone into the details of making the technical and economic plans for public works, the construction works in railways, electrifications and public housing and all sorts of things. And in the budget which is just now being decided upon in the Swedish Parliament you will find a number of expenditures decided but not to





be carried out if there is not a depression. The Government gives the right but not the immediate<sup>order</sup> to make them. I mean Parliament has gone over a number of expenditures for public works on the assumption it shall only be used over a time, such as a depression, when it is necessary to get employment.

Q. May I go back to a point? Would you just say a word on how your roads are made self-liquidating projects?

A. Yes.

Q. The taxes allocated to them specifically? A. The taxes financing the road building are mostly the automobile taxation. It has been discussed, but so far as I know not carried through, that these incomes would be taken and put into a fund and used for road building distributed more properly over different years.

Then if I might go back to this planning system. On the other hand, the Minister of Finance has, for the last two years or a year and a half, stopped as far as possible new investments already passed in parliament, because we have now a real boom and it is better to have them left to the future.

I have perhaps been talking too much of the budget policy, but I think that our new budget structure which we have built up is far more important as a contribution to science than the whole economic policy we have carried out during the crisis, because that policy was, after all, like the one you have in other countries, while this budget structure, I think, is something of an invention with us.

Perhaps I should say something about the community finance. Of course we do not dare to let the communities - and by the communities I mean the primary communities and the counties, we have twenty-four, with Stockholm twenty-five counties - we do not dare to let them run the budget after the same principles. But we have opened up the possibility for the counties and the communities to build up reserves during the good times, which they could not in earlier times. And furthermore you have the possibility to help them by financial aid from the state budget and then you can keep



the state budget as the most movable instrument.

For my part, I am clear that the ideal is to have a sort of aggregate budget for the whole country as a means for the government which shall in the last instance direct the economic policy of the whole country.

Perhaps I ought to mention that the community budget is financed by the community income tax which is only a little progressive. That is the system of financing for county and community except the cities, which have also large public utilities, electricity works, waterworks and so on, when they sometime get part of their incomes from.

COMMISSIONER MacKAY: If I may interrupt here, Professor Myrdal, how do you assure the maintenance of the reserves? How are you sure that the reserves built up by the local authorities will be maintained?

PROF. MYRDAL: Actually at present we have no control of that, we have only opened up the possibility for communities building up reserves for bad times. If they do not do it then they just have to take out every year by taxation what is needed to meet the expenditures. Of course, community finance does not need so much help in their business cycle policy, as it is agreed upon as a general principle that the communities and the county councils can take up loans also for unproductive building purposes, for schools, roads, and hospitals and all that sort of thing. There is Government control of community borrowing which is not only formal but also real. I do not remember exactly where I stopped.

Q. You were talking about the county budget?

I should say something about our social policy, but I am afraid I am taking up too much of your time. Of course, we are at present in Sweden in a period of very rapid social reform.

On the whole I should venture to say that we are more or less on the margin between two epochs. Social policy must from the beginning in every society, be curative, it must take care of the





distressed people, the sick, the old, the unemployed, the prostitutes, the alcoholics, in short, people in distress, and we have done that by various means. The whole hospital system in Sweden is, you might say, socialized rather a long time ago now by the communities, the county councils and the primary communities, and partly also by the State. It costs the individual very little to get into a hospital. It has gone rather much into the idea of the whole people that it is better that the healthy people pay for hospitals than the sick people.

The same thing is true of our educational system. People are getting rid, more and more, of the expenditure for the education of their children. Even the universities are practically free from costs. The private schools which are more expensive, are generally considered to be on a lower level than the state schools, and when the rich people want to get their children through with good grades, they send them to the state schools.

Then, of course, social insurance has increased very much during this period. We had the old age pension system inaugurated already before the war. After the war it was rather a poor system, so we reformed it in 1935. I think I can say that in the country a man or woman who has reached the age of 67 years has enough money to live on; in the towns, however, it is not quite so good.

MR. FOWLER: Is that a contributory system?

DR. MYRDAL: It is partly contributory; the people pay premiums, the amount of which is somewhat dependent upon their income, but, of course, they are regressive as all such premiums are. Our state pays the rest.

Now, I cannot say that this curative social policy has been carried so far as it ought to be carried. I believe very much more ought to be done, but I think that we are on the threshold of a social policy which will be not only curative, but preventative as well. It is directed not only towards the distressed individual and distressed families generally, but towards the whole po-



population. The aim of it is to make satisfactory living conditions, especially for the children, so that they will not be in distressing circumstances in the future. At this point, I might mention that our population problem is a serious one. It is a fact that we ought to have 40 per cent more children in Sweden, in order to have a stationary population. This has been borne in upon the public mind as being rather important and was given a direct argument for the preventative social policy which, in any case, must be directed towards the family and the children. The social reforms which we have enacted during the past few years have, for the most part, had this population aspect in mind. I mean, we have had the housing, nutrition and health problems before us as well as the various other problems. I will not discuss the social policy any further, unless I am asked some questions afterwards, and then I can go into the details. It is a subject in which I am very much interested and upon which I have been working during the last few years.

I must say something concerning our agricultural policy which is one of the large structural problems with which we have been attempting to deal. In the far north of our country, one is faced with a high birth rate, large generations of young people or whom employment possibilities in the future are rather distressing. You have the forests, but we are already obtaining as much from the forests as we can, and we cannot hope for an increase at that point. The saw-mill industry is rapidly being mechanized, and this means that it is using less and less labour. It was a district for colonization and immigration in Sweden during the early years. Now, you will have to turn the other way to re-colonize Nordland. The young people would be brought to the south where there is plenty of employment opportunities. This is one of the very difficult problems which we have to solve and I think very little has been done about it. We have, however some vocational schools, schools in which we are trying to train these people for other occupations which are useful in the south. This





is helping to solve the problem, but it is a problem which has been hidden during the boom and which will stand out as the most important problem in the next depression. You must remember that in the Nordland industries we have a very large part of our export industry which is first hit, and hit hard by a depression.

In discussing our agricultural policy, one might say that it is a difficult structural problem which, we can say, we have not solved either. Of course, our position in agriculture is rather bad at the present time. We have the agricultural ~~imports and exports~~ <sup>about</sup> balanced at the present time, so we are not so much dependent upon export. When agricultural prices went down in 1928-29, and the prices of animal products went down, as you know here in Canada because you are very much interested in the agricultural problem, we were then able to keep up the prices. We were able to keep up the price of wheat, rye, and such products because we stopped the import. We just shut out the necessary amount of the net import and kept up the price of the product. Then, we started dumping some goods in England. We monopolized the international trade in butter and such things. Butter was sold in England for sometimes half the price, which we kept up at home. I should think that approximately one-third of our butter production is exported, but it is, of course, much less so far as our total milk production is concerned and much less so far as our total agricultural production is concerned. I do not see any reason why we should not talk very frankly in this discussion. I know that some people in Sweden say that you could not call it dumping because we do not sell it cheaper in England than the English price.

The difficulty here is that you have a very definite, strong trend in the development of production. Production is rising all the time and you have nearly, what might be called, an industrial revolution going on in agriculture. This is due to better technique and the better education of the farmers. We have had this very great decrease in the farming population which I mentioned in the



beginning. Nevertheless, production has been going up all the time. Now, we come to a very important fact which is that under the present phase of population development many abnormal situations in the age distribution occur. Insofar as age distribution is concerned we have made certain prognosis. We find that even if we could suppose as rapid an immigration from agriculture to industry as before and if we suppose a slightly greater movement, nevertheless, the number of men in working ages in agriculture, will be constant or increasing during the next ten or fifteen years. Then, after that, we will have a very sharp decline in the agricultural population.

This is quite bad, for this reason. You cannot, economically, dump more than a small fraction of your production because the cost of dumping must be put in between the purchasers' expenditure and the return given the farmer. We have, therefore, in the Population Commission made certain proposals which should, at least to some extent, solve this problem. We have said: a limitation of production is a rather impossible measure. The Swedish farmer should start a revolution, I think, if we tried to prevent him from producing so much and as good as he could at any one time. In Sweden it has to be done by the rather indirect method, that is by keeping up the costs of production. We are actually doing that, at the present time, to a certain extent, by having a tariff on corn and so on. But such a policy meets very great difficulties because in the South of Sweden there are a lot of small farmers who by imported corn and other food products are producing bacon and meat on an industrial basis. In this situation we proposed, that we should try to combine the social problem of better nutrition for the people with that of getting rid of the surplus of agricultural products.

I think the only other point which I will mention is that concerning the forests. In the forestry situation, one finds three groups in control, the State, certain big corporations and tree farmers. I believe the amount under the control of the state and





community would be approximately one-fourth. Then, there is a large amount owned by big corporations and the rest is owned by the farmers. We have gone over, rather carefully, our forestry resources and we are trying to keep up a forestry policy which will preserve our forests as capital for the future. In fact, the situation is that a farmer cannot cut from his own forest unless he obtains permission from an official in the forestry administration. The official has to go to the spot and look over the situation and say, "This you might cut, and that, you cannot", or he might say, "You might cut this, but you will have to plant so much and let these others grow."

MR. SKELTON: How can you control forest production if it is impossible to control agricultural production?

MR. MYRDAL: We are not intending to control production; it is not a measure of restriction, so much as a measure for educating the people. We are trying to educate the people that it is uneconomical to cut certain trees. We tell them this tree or that tree ought to grow ten years longer and that they must plant some trees or they will not get permission to cut any. I think it is quite the right idea for carrying on the forestry business. These officials are absolutely disinterested and are people who have been carrying on their work with a sense of good humor. A farmer may say he needs money and if his reasons are good, he might be permitted to cut some trees which, perhaps, should have been permitted to grow five years longer.



DR. MYRDAL: Certainly, but these companies, on the whole, are running their forests in an excellent way. I mean, they are doing so from a national economic point of view. The best managed forests are, I believe, company forests, as the state is inclined to be perhaps a little too conservative.

COMMISSIONER MACKAY: You would have the control of production of pulp and lumber, would you?

DR. MYRDAL: You see, these measures are, as I said, not intended to control output. These measures are intended to control our capital resources and see that they are not destroyed. The state does not attempt to control the output.

COMMISSIONER MACKAY: The state does not attempt to control the output of lumber, pulp, or paper, does it?

DR. MYRDAL: No, but that output is controlled or restricted in another way. Most of the products of the forest in the north are exported, and these forests are owned, for the most part, by the Crown and by the large companies. These companies have an association, and this association is working in conjunction with other associations in Europe. They are highly organized, in order to keep up and stabilize prices.

In relation to our general tariff policy, I wanted to say that, on the whole, we have not increased our tariff very much. Sweden is, I think, one of the few countries which has been carrying out a free-trade policy. During the last few years, Sweden has increased some tariffs; for instance, the tariff on coffee, but that is a financial duty, as we do not grow coffee in Sweden. On the other hand, we have not succeeded in lowering the tariffs very much. Sweden has had a very favourable balance of trade. However, we do not think that it is favourable. We would want more import or capital export. We started in the autumn of 1931 with practically no resources of foreign exchange. Since that time the reserve of foreign exchange has been increasing all the time, due to that favourable balance of trade and due also, to a certain extent, to the movement of capital,





and the people of Sweden selling out their foreign assets. We now have about 2,000,000,000 kronin in our reserve for foreign exchange which is too much. Having this large reserve puts us in a position where, if we should have a depression, we have, what I would call, a large international space. I mean by that, that we are rather independent of the international money market. So far as the existing situation is concerned, we have this large reserve which is very good.

COMMISSIONER ANGUS: Did the boom in Sweden reach the point of substantially eliminating unemployment?

MR. MYRDAL: Yes, it did. However, there are certain districts where, even now, there is some unemployment, as they are undergoing structural changes. You could talk about distressed areas, although the word is a bit hard. For instance, you have much of the industry in Nordland which is being mechanized and so using less and less labour. There is further our stone industry in which we find the demand in foreign countries for Swedish stone has fallen very low. To a certain extent, there is unemployment also in the large cities where people always seem to go in attempting to find employment. On the whole, I think we can say we have utilized the available labour, for the past two or three years, to the greatest extent possible. In certain mechanical industries where skilled labour is required, there has been an actual shortage of this skilled labour for a number of years.

COMMISSIONER ANGUS: Do you think the public workspolicy which you have expounded would have been a sound view if you could not have looked forward to a boom which would have eliminated unemployment?

MR. MYRDAL: Yes. During depression years, the budget structure and other things has to be worked out on the theory that after the depression there will be a boom. Otherwise you should be in a serious situation. If during a depression you cannot work on the theory that a boom will follow, then you are in very great difficulty.



because it is a question of the whole system breaking down, the whole economic as well as the then political system. A country cannot stand a prolonged depression.

COMMISSIONER ANGUS: For instance, do you think that was a better policy than that adopted in other countries?

MR. MYRDAL: As it turned out, yes; to a large extent because we had good luck.

MR. SKELTON: To what extent do you think your monetary policy gave you a lead on other countries?

MR. MYRDAL: Well, let us then first define what we mean by "monetary policy". Prior to 1931, our monetary policy was to keep up the gold standard. I would like to add that if the central bank had appreciated the situation, it would have tried to keep it up - I think that it is very fortunate that they did not. Then, after we were off the gold standard, we had no exchange.

MR. SKELTON: If the central bank had had an exchange reserve, do you think they would have attempted to hold the corner?

MR. MYRDAL: Yes, I think the central bank should have attempted to do so. The central bank did put up the rate of discount to 8 per cent, and kept it there during the whole of the winter of 1931 and 1932. The whole idea of the central bank was that we were in danger of inflation. Then, early in 1932, when Mr. kreuger shot himself, there was a new depression. Thank God you cannot account for this as our "monetary policy". I feel that we can talk quite freely in this private interview. Since then, it certainly has been an undervaluation of the krona and, as you see, there was a continuous increase of our exchange reserve. Then, slowly, you get a monetary policy. In 1931, there were very few people who were in a position to think in terms of monetary policy. We left the gold standard and the farmers, workers and employers slowly realized that they all had the same interest in rising prices and rising employment.





In 1933 we had a Commission, for a short time, to consider the monetary policy. Since then, our monetary policy has been to keep the krona depreciated and keep the rate of interest as low as possible. We have a very low rate of interest in Sweden and one can get short money almost for nothing. One can get a mortgage loan for 3 per cent or even less.

I perhaps ought to mention that in the autumn of 1936, we economists were all of the opinion that we ought to appreciate the krona and raise its value in order to hinder the prices going up. The central bank and the finance minister as well as the responsible people in business were not of the same opinion. Now, it is considered that avoiding appreciation was a very wise policy and people believe that the economists were very foolish. This might be disputed because if we had appreciated the krona a little, we might not have had this rise in price level and we might not have had this dislocation of prices which we now have which is not very good.

MR. SKELTON: In considering the experience of Sweden in the last depression, in the event of another depression, do you think Sweden would immediately depreciate? Do you think there was a stimulus given due to the fact that you overdepreciated somewhat before the other countries, and got off to an earlier start?

MR. MYRDAL: I think depreciation is a very important thing, but I am not prepared to put a percentage figure <sup>-on it</sup> /as to its part in causing economic revival in Sweden for the reasons which I gave earlier in the day. When you ask me concerning another depression, whether we would depreciate, I should think the answer would be "no". We will start with a highly liquid economic system, based upon this new reserve of foreign exchange. It will be possible, in the next depression, to put in the different work schemes very rapidly because all of the plans are ready and one will have this new budget system. Furthermore, I think one motive which will keep us from depreciating, so far as is possible -- I mean if it is a



reasonable depression -- would be the strong feeling of international amity which you must have in a country so largely dependent upon foreign trade. I do not think we would depreciate to-day unless we were moved by very strong reasons.

Q. Of the unemployment which you had during the depression, would you say the greater part of it was taken care of by direct relief or relief through public works programmes?

MR. MYRDAL: I would like to say a few words on our general unemployment policy.

You know we have had no unemployment insurance before 1934 and even after 1934 it has very little developed. On the whole all political parties of Sweden have been in favour of work instead of doles. The discussions between the political parties have been how high wages should be in these relief works. I cannot give you a figure now because I have not it in my mind, but generally speaking when the depression is getting hard then, of course, unemployment is increasing and the proportion of those not taken care of in public works of some sort or another is greater. When there is lower unemployment then you can take care of, to a great extent, public works of different types. We did not have unemployment insurance during the crisis, we just paid out of the taxes from the State.

Q. Were those works financed by the Central Government?

A. They were financed by the Central Government to a certain extent, we also had a form of public works which we call State Community Works, where the community had to pay ten per cent or 25% of the cost of these public works. The unemployment insurance system which we now have in operation is of a contributory type. The trade unions, since a long time, have had some sort of insurance system, taking care of their workers, and we now give State subsidies for unemployment to such associations which are affiliated with trade unions, and the lower the wages, the lower the doles are. It is very difficult to get the trade unions interested in this system, and only a part of the workers are included in the system.





Q. Could you tell us, Dr. Myrdal what were the effects of the depression on the financial position of the counties and the communities?

A. The effects were, of course, that we got rather high taxation in the communities and the counties. But I think I can say that there is not any sort of insolvency in the communities.

Perhaps there I should say something about the general division of the burden between the different parts of public organs, the State and the counties, and the communities. Of course, what they are doing is governed by laws in Parliament; in Parliament we prescribe for the communities what they can do and what they shall do. We prescribe, for instance, they shall have an educational system, and that the taxation shall be so much - I mean we keep the central power. In the beginning you had very much of a social policy in the community; you had the educational system, you had the hospital system, and so on. Then, of course, the taxes were increasing all the time as we raised our standard of education and hospitalization and so on; and then you had the development of the State taking over more and more the expenditures. Sometimes the State has taken over the whole responsibility in a particular type of public administration. Sometimes the State gives a certain proportion of what the communities are paying for certain things. Sometimes, for instance, in education, the State is paying the teachers' salaries and half of the buildings. The whole tendency has been to take over more and more to the State. That has been motivated not only by the high taxation in the communities, but also by the inequality, the different height of taxation. We have seen it to be unjust that poor parts of the country should have high taxation. We have the general policy of keeping the standard of education and certain policies the same in the different counties. Well now, if you start new things, new social policies; for instance, take the housing policy it is a very important part



of our social policy. The housing standard in Sweden is very low and we want to improve it. Then the method is that the State makes plans and puts in a certain amount of money and says that the communities have to take the initiative and they must conform to certain rules, and then they might get the money from the State. To explain something which is very important to us, the State can make very big plans for a long range of time, and put it on the order, and not be afraid that it will be carried out too soon because it is in the beginning only carried out in the communities where they have a great need or can afford to do it or are particularly interested in it, and then it is spread more or less gradually, and finally you reach the realization of the plan. You see, you have in Sweden a compromise between centralization and decentralization. In one way you can say that in no other country you have so much of decentralization of power as so many things are done in communities and the different community organs are responsible for taking the actions. But at the same time, you have very much of a centralization of the State, as the State makes the big plan, makes the laws and puts up the money to help the communities. That is the type of compromise between centralization and decentralization. We think that the principle of decentralization is very important in order to make some sort of adjustment to the different types of environment which you have in such a big country as Sweden. We are just in the same situation as you are; conditions are different in different parts of the country. Furthermore, we must have decentralization, because if the State should pay everything the community just strives to take care of that money, and the only possibility we have of keeping economical is that we put a certain amount of expenditure, a certain portion of the expenditure and the responsibility on the communities.

DR. MACKINTOSH: On a question like the housing policy would the local unit contribute to the cost as well as the central government?





A. Yes.

MR. FOWLER: What proportion?

MR. MYRDAL: We made a plan for building houses for families with more children than three, - or three or more children. The reason was not only that of maintaining the population but also the fact that these families were worse off, there was overcrowding of the children, and they are the ones suffering most from bad housing conditions. Well now, we made the following plan; we have a central board, a central bureau, and we say that a non-profit corporation under the guarantee of the community, or the community itself, might apply to the Bureau and say we want to build houses. Then the State is giving credit up to 95% of the cost, and the community has to carry the 5%, and has, furthermore, to give the land without cost and has to guarantee the running of the whole system. Of course, this cheap credit which the State gives and the free land is keeping down the standard rent very much. Then the State pays 30, 40 or 50% of this standard rent for the family of three, four or five children and more, to the non-profit corporation, or to the community.

COMMISSIONER ANGUS: Dr. Myrdal, on what sources of taxation do the counties and communities depend? What taxes may they impose?

DR. MYRDAL: Their whole finances depend upon income tax. We have no land tax. This income tax is only slightly progressive, there are, however, certain tax exemptions for the number of children and so on. It is, therefore in fact, a progressive tax, but very slightly progressive. Then we have the State income tax, which is much more progressive. The State income tax is the instrument by which we make the total income tax burden progressive in the degree we want.

COMMISSIONER ANGUS: Are both those income taxes collected together, or are they collected separately?

DR. MYRDAL: They are separate. Of course, they are decided



by Parliament but there are two laws. I do not know if, for practical reasons, they are not collected together, but I do not think so because it has been the opinion among the Swedish public that you want to divide the payment of the income tax on so many periods of time as possible.

COMMISSIONER ANGUS: Does each community fix its own rate?

DR. MYRDAL: Yes, the community has to decide upon its expenditures and then to put up the rate of taxation which is necessary in order to pay for these expenditures.

COMMISSIONER ANGUS: How low are the exemptions? What are they?

DR. MYRDAL: I am rather bad in my memory on figures, but I can make the general statement that exemptions are so low that practically everybody in Sweden pays community taxation, and nearly everybody pays State taxation. The idea is that you shall not only tax the rich people but that all the citizens shall carry a part of the burden of taxation in order that we shall be able to rely upon our democratic system of Government. Furthermore, in a country like Sweden where very rich people are very few, it is necessary to tax the poorer people in order to get enough money for the State services. Our difficulty is, of course, to tell the people, even the poor people, that the best use you have for money is to pay it in taxation because you get all these things for it. I think that is the idea which is creeping into the minds of the Swedish people more and more, that you have to look upon taxation not as something which you put in the sea, but as something by which you pay for your part in a cooperative effort to take care of certain parts of your consumption in a less expensive and more rational way. For instance, my maids pay rather a heavy taxation and even the farm workers have a taxation which is rather burdensome for them with their small incomes, but there is a general agreement in Sweden that that is the principle to work on.





Q. Is that collected through the employer at the source, or from the taxpayer?

DR. MYRDAL: From the taxpayer.

MR. EGGLESTON: Do you have any difficulty in collecting from the farmers or rather in calculating their real income?

DR. MYRDAL: That is, of course, a difficulty, not to collect but to assess the right taxation on farmers, which you have in every country. It is a difficulty and, in fact, I think the farmers pay very little income tax to the State. It has not been the right time to reform that form of tax policy at a time when we had to help the farmers so that agriculture would not break down.

Q. Do you say it is the experience of Sweden that an income tax can be collected efficiently by these small local communities?

A. Yes, there has never been any question about that.

Q. Does the income tax extend to business enterprises as well?

DR. MYRDAL: Perhaps I ought to mention one thing that I think is rather important, that we have not very high corporation taxation and that quite generally we have the opinion that the ideal system would be to have no corporation taxation at all. Of course, the farmers are not exactly of that opinion, but the workers, for instance, are less and less interested in taxing business. They see clearly that taxation on business, on corporations, cannot ultimately be thought to be carried by the shareholders but must in the long run result in higher prices for products or lower incomes for the workers. Because of that, I think, there is a general policy in Sweden to keep the corporation taxation low and to make the corporation taxation as suitable for the business as possible. Let me give just one example. Business has been complaining all these years of the rules of depreciation which we follow, that you can write off one per cent on that and



two per cent on that and ten per cent on that, that these principles work very wrongly and do not fit the needs of business, especially the type of business that wanted to consolidate their affairs. Now, this year we make a change in our corporation taxation law and we say to the corporations you can depreciate, write down your assets just as you like. And the motive is we are not losing very much, as a State, we are losing only the interest on the taxation which we would get because we are getting higher incomes in the future, and as the corporation tax is from this year<sup>-a</sup>/proportional it is a very small loss to the State. We further believe you can effect more of a saving within corporations, more of a solidity in business. I think we can say the general trend in Sweden is to be very careful in taxing business.

If you take our taxation system as a whole you have this income taxation for the communities and the counties, then the cities have certain incomes from the public utilities. The State has its income from its large income-earning assets and this income, as I said, is 30 to 40% higher than the debt services on our whole debt. Then we have certain incomes from tariffs. Then we have the income tax fluctuating between 150 and 250 million kronin. The value of the krona is a little more than a quarter of a dollar. The whole State taxation on income and capital and business is considerably lower than the State income which we get from our tobacco and liquor monopoly, and we have in the whole system practically no other taxation on business, on production, on land and on.

And we have still the possibility to increase taxation on luxury if we should need it. We could also have higher income taxation. The income tax is, by the way, regulated to be a flexible element of the budget. So we say: "We will take 105, 110 or 120% of the normal rate." We can also increase our inheritance tax, it is not so high. I think we should go these three ways instead of putting up taxation on sales, on business and land.





COMMISSIONER ANGUS: When you said that the income from investments and government assets was thirty to forty per cent higher than the debt service, does the income for that purpose include rents paid for schools and so on?

DR. MYRDAL: No, from the central bank, from railways, water-power, forestry, everything, these old productive things. We have just slowly started to build up this fund for public houses. I think we are going to keep those rents in the running budget on about the level necessary for the debt services.

COMMISSIONER ANGUS: Well, I understood that schools and hospitals were charged and paid a rent?

DR. MYRDAL: Yes, but that is a very new thing. I mean we made that fund three years ago and we do not have a large proportion of the public houses in it and on the whole it is rather a small business in our financial system.

COMMISSIONER ANGUS: Yes, but that rent, as far as it is paid is shown as investment income, is it?

DR. MYRDAL: It is shown as an income in this fund and if it should be higher than the interest payment to sinking fund, in this fund it should of course be net income from an income earning asset, but I do not think we are going to take out much net income from that source. I think it is more business like to have it about zero.

Q. In the income tax, are the local authorities given access to the central Government records?

A. Well, the actual assessment of income is founded upon a declaration of every business man and this declaration is secret and only open to the taxation authorities, which of course, are organized democratically. I mean, people are elected in districts to be on such board and then some responsible expert is elected by the government as Chairman, and they are the only ones to have access to these declarations. In these declarations every taxpayer has to put in a very detailed statement about everything



happening in his economic life during the last year. This board is controlling the declarations. They might ask you "Now, what about this and what about that? You are putting up too much for that", and so on. Then, you will perhaps have to tell them why you are doing it. And of course you are punished if you are trying to defraud the state. The assessment for the State income taxation and for the community income taxation are made on the basis of the same material, although it is different laws and different rules.

Q. On the same declaration?

A. On the same declaration.

COMMISSIONER DAFOE: What size areas do these committees which fix the rate cover? Are they large areas or small areas?

DR. MYRDAL: They are rather small. I should think, some few parishes, say three to five thousand persons. But of course that is only the first instance. Then, for every county and for Stockholm, that is for 25 districts in Sweden, you have a higher instance which is looking over the whole district, and where you can apply as a citizen against the assessment of taxation. And if you are not satisfied in this instance, in this higher court, then you can go to the highest administrative court of the country. But there it stops. It is a sort of judicial procedure.

COMMISSIONER DAFOE: Is there never any suggestion that in some areas they take a more lenient view as to the basis upon which the tax should be levied than in other districts?

DR. MYRDAL: Certainly. For instance, if you will tax the farms you must put a value on their land in order to calculate a sort of income, and on their capital. You know, the state income tax includes a capital taxation as one sixteenth of your capital is added to the income. By that procedure you get a slightly higher taxation upon capital incomes. Now, of course, it has been said, and it is true, that we have had very different practices in different parts of the country. On utilizing this second instance we are, however, more and more getting some sort of uniformity





within every county and then in the whole country. On the whole I think that the development during the last ten years has been <sup>in the direction of</sup> carrying out a much better uniformity ~~finitely~~ over the whole country and we are all the time trying to improve the system. But I do think that I can say on the whole we have not had any danger or any suspicion of corruptive practices in the system. I think it has worked out quite all right.

THE ACTING CHAIRMAN: I think you said the appeal was carried before the highest administrative court?

DR. MYRDAL: Yes, it can be.

THE ACTING CHAIRMAN: Not before the ordinary courts?

DR. MYRDAL: No.

THE ACTING CHAIRMAN: What is that highest administrative court?

DR. MYRDAL: The administrative procedure is parallel to the system of courts and second courts and the Supreme Court for crimes and all sorts of obligations and for all sorts of ---

THE ACTING CHAIRMAN: Judicial system?

DR. MYRDAL: Yes, judicial system, but besides that we have an extra system where all the administrative things go. It might be that a man in the civil service thinks that he is dismissed on undue grounds.

THE ACTING CHAIRMAN: Like the French "Conseil d'Etat"?

DR. MYRDAL: Exactly. And then the courts also for taxation to which goes everything which has to do with taxation and so on. There are two parallel systems.

Q. Would there be a great variation in the rate of taxation between different counties and communities?

DR. MYRDAL: Yes, certainly, and that is our big trouble. In Stockholm where a number of the large corporations have their site, and where a lot of rich people live we have a rather low taxation and still we can go on with very large expenditures, while in poorer country districts the taxation is high and the standard of expenditure is low. That is our difficulty, to get rid of that, and



our way of doing it is to give over more and more to the state of expenditure and also to give much more percentage of rate to the poor districts.

Q. Grants according to need?

A. Yes, to a certain extent, but we have not solved that problem.

Q. Could you tell us what proportion of the yield from the income tax comes from the one sixteenth on capital? You said in the income tax there was a taxation on the farmers capital and on other persons' capital as well. That applied to all persons?

A. Yes; I cannot tell you, but I should think it is rather low.

Q. Is there much complaint of that tax?

A. No, that is after all an old idea. You have it in the English system, you have it everywhere, that income from capital shall be taxed more than income from wages. If I might just refer to that, the old motive or defence for this is of course the one which I think Young Miller pointed out, that wages you have not taken out, there is nothing to keep the capital constant. I mean, it is a gross interest plus depreciation. If you ought to have a similarity between wages and income from capital then you ought to take away from wages some part in order to have life insurance large enough to give the income on the return. I think that is just a theoretical motivation of it. I think on the whole people think it is rather good.

Q. Do I understand you have no such thing as sales taxes?

A. No.

Q. Or taxes on transactions, stamp taxes and so on?

A. No, it is too much to pay. We have what we call stamps, when you are selling real estate you have to put on a certain stamp, when you are doing certain things in courts of justice you have to do something, when you have a bill of exchange and you are making protest, I do not know the words here, you have to pay. And then





of course the liquor taxation and the tobacco taxation is in the form of stamp tax. But you could just take it away because then you would increase the profit of the company and that is in any case delivered to the State.

Q. But do you get a problem of this kind: That you have local authorities depending entirely, if I understand you correctly, on income tax, the revenue from the income tax being fairly variable, whereas during the depression the expenditure of the local authorities would be fairly constant, or apt to increase. So you have a tendency to have a decline in revenue from taxation with a tendency possibly to rising expenditures. How did you adjust that?

A. That is a principle which we have not solved. In the States we have the budget system I just described, so we can not only have the same taxation but we can also, if we like, and I know that the present Minister of Finance is very interested in it, decrease <sup>in</sup> taxation when depression comes. But <sup>in</sup> the communities the only measure we have taken is to allow them to make a surplus, and most of the poor communities are not making the surplus, so we have not solved the problem. How it shall be solved, I do not know.

Q. How do you explain the fact that there were very few or no bankruptcies of local communities, no defaults? Are they allowed to borrow?

A. They are allowed to borrow for certain things, for public houses and roads and everything of that type. Furthermore, during the last depression the process of the State taking more and more of the expenditures was naturally accelerated and it might be accelerated in the next depression too. And then you know the community income taxation comes one or even two years later than the year that you earn the income.

Q. You have no property taxes at all in the local communities or practically none?

A. Of course I have gone a little superficially over that subject and perhaps I might deal with that. The principle is we have



only income taxation and not property taxation. But for instance for farmers and real estate owners we have a rule that the income of a farm cannot be lower than five percent of its value and that means, of course, that in bad times when perhaps a farmer is not getting his 5%, then we actually have a land tax, included in our income tax system. But otherwise we do not have land tax.

MR. SKELTON: How is the value set ?

DR. MYRDAL: The value is set by this taxation assessment board every fifth year.

MR. SKELTON: Does it vary from time to time?

DR. MYRDAL: Oh yes. If you build a new house it is raised. If the house is burned it is lowered.

MR. SKELTON: But there is no variation in relation to the income?

DR. MYRDAL: Not to the income. Yes, of course, every five years we made a new assessment.

MR. SKELTON: In relation to the income?

DR. MYRDAL: Yes, even in relation to the income. The idea is that then you shall take into consideration a number of circumstances. First the value in the market of such real estate. That is the principle. Secondly the income which you are getting out of it. And a lot of other circumstances. I mean all reasonable circumstances which a good common-sense business man is taking into account when he assesses the value of it. There are very complicated rules. On the whole they are working well. You see on the peak years they are moderate, and they are more and more evened out.

COMMISSIONER MACKAY: What about land held for speculative purposes, say in a municipality or city?

DR. MYRDAL: We have no special rule about that. We just try to get the value. There have been proposals earlier that we should have value increment taxation on land, but it has never been carried through.

Q. Supposing a person owns a building and the building is vacant during the year so he gets no income from it at all? Would





he nevertheless have to pay an income tax on the revenue of 5%?

A. Yes.

MR. FOWLER: Have you succession duties, death duties?

DR. MYRDAL: Yes, not very high but not very low. I mean about moderate. Not as high as in England.

MR. SKELTON: Very roughly speaking, what would a married man with the equivalent of \$2000 a year income pay in state and local income tax?

DR. MYRDAL: That is a difficult question. You say a man with two children?

MR. SKELTON: All right, a married man with two children?

DR. MYRDAL: A married man with two children and a \$4000 income?

MR. SKELTON: \$2000 income?

DR. MYRDAL: That is 8000 Swedish kronans. I think he should have to pay three or four hundred kronans, about \$100. But do not take that for certain, because I am rather bad at figures. We are now of course making a change, a very important change in our taxation system, that we are getting more tax exemptions for children, and for number three you get double as much as for each of the first two.

Q. Can you expect reasonable continuity in your general budget policy that you have outlined in spite of changes in the political complexion of the Government?

A. Yes, I think so. Here you touch upon the political situation, and perhaps I ought to tell you we have a socialist majority among the voters and a socialist majority in the lower house. In the higher house, which is reaching with a certain lag in the political development, the socialists are only about one third. The socialists have invited the farmers to co-operate with them. We have a proportional election system which means that the political parties do not change very much in every election, just very little. Now, the socialists are supposed to be the most radical. And I think in some respects they are more conservative



than some of the people who are not socialists in this country. And the only change you could have in the Swedish political system is that you should get a more conservative government than the socialists and they would certainly not break the budgetary principles. So I can say on the whole I think that you can rely upon it for political reasons.

Q. You can make long range plans?

A. But on the other hand the whole system of course is founded upon the idea that you have business cycles like this last ten years in Sweden. That is, we assume that we are not going to have a depression forever. But then I think that no system at all can work with say ten or twenty per cent, with a large proportion of the people unemployed.

I am probably entitled to make the remark that I think our financial system is rather stable on the whole. Now we have a socialist government and I think it is rather certain that we are going to have it for a very long time in the future. If the Socialists of one generation ago had thought themselves in power, at that time, they should have sought to make very revolutionary changes in the whole structure of business life. However, now that they are in power, they are going very carefully at the task. You see, we have Germany and other totalitarian states on both sides of us -- I am speaking now as a socialist member of the Senate -- and we have the feeling that we want to make reforms in the speed with which we can get, not only the socialists but a large proportion of the other parties also to agree with us. We do not want to repress a minority. So, you see, most of our reforms are prepared by commissions, such as you have here, where we have representation from the different political parties. We try to come to unanimous consent and restrain, as far as possible, disagreement. I think we have a fairly, careful conservative trend in our social policy.

Q. How about the tariff policy. You suggest that there has been very little change, is it to be stable too?





DR. MYRDAL: We are, as you know, dependent upon the international situation very much. All of our sympathies are naturally with free trade. The Socialist party is a free trade party traditionally as well as the small Liberal party. We are prepared, if we could only get some sort of international cooperation, to go even further and take down the little tariff which we have. Certainly, we are very much against raising our tariff except for agriculture which is, of course, hardly a tariff; it is there much more efficient measures which are used.

MR. SKELTON: Are all the grains bought by state monopolies?

DR. MYRDAL: Now, of course, we need to import very little grain because production is rising very rapidly. We have a law which requires that 90 per cent of the flour in bread must be of Swedish origin. It is not imported by the state -- we have some sort of corporation controlled by the State.

DR. CLARK: In considering the housing scheme, you believe it would be better to have a non-profit sharing organization, rather than actual community participation?

DR. MYRDAL: For my part, I do not care very much to have the communities build. I think it is much better for a non-profit corporation to do it as against the electorate. However, it is different in different parts of the country. In such matters, we try to keep our laws free so that the communities can decide upon their own responsibility, what line they will follow.

On the whole, there is a tendency in Sweden to get away from direct state administration. There is a tendency towards some sort of corporation in which private capital is invited to share the responsibility in return for a limited part of the profits. This is true in the state tobacco monopoly. For instance, our iron mines in the north of Sweden are under such control, and there has been a proposal that we should put the whole state railway system in the hands of a more or less self-governing corporation. We think that by this method we get more of business principles. For instance, the



situation is, that if a civil servant is appointed, he is appointed for life. Even if he becomes insane, you cannot get rid of him without all sorts of difficulties. We think it is much better for railway officers and so on to be on more free terms.

MR. FOWLER: You state that you were giving an opportunity to the communities to build up reserves in the periods of boom or good times, do you find that they are taking advantage of that opportunity?

DR. MYRDAL: Some of them are, yes. The big cities are taking advantage of the scheme, for instance, but on the whole it is not being taken up very well. When I say we allowed them, you must remember that the old law was that a community had to tax, no more and no less, than it absolutely expected to spend. In this way, they were, by law, hindered from building up those reserves.

MR. FOWLER: What I was wondering was why the local community did not merely balance its budget and reduce its taxes.

DR. MYRDAL: Most of them did that.

DR. CLARK: Do you mean reserves in the sense that they were actually built up or do you mean merely withholding work which might be done?

DR. MYRDAL: I mean building up funds.

THE ACTING CHAIRMAN: Should any controversy arise between the central government and the communities, are they referred to the administrative courts or to the judicial courts?

DR. MYRDAL: You mean a disagreement between the community and the State?

THE ACTING CHAIRMAN: YES.

DR. MYRDAL: That is a very difficult thing to imagine. The community has to follow the laws. The Swedish government is not supposed to administer very much; the Swedish government is supposed to propose new laws and give new orders. The executive power, in Sweden, where we have this idea of decentralization, lies in the independent boards: the board of commerce and the board of social





affairs. These central boards are more or less democratic boards. They are supposed to administer the country after the laws which the King and Parliament have passed.

Now, suppose that the community does something which this board says is wrong. Then, the community has to follow what the board says. If the community believes the board is wrong, then the community has very often, but not always, the right to go to the administrative Supreme Court or to the King. It is a difficult question to answer in a few words.

THE ACTING CHAIRMAN: They never go before the judicial courts, do they?

DR. MYRDAL: No, never before the general courts. In fact, these central boards are, themselves, part of the judicial system, the administrative system.

THE ACTING CHAIRMAN: IT is very much along the lines of the French system, is it not?

DR. MYRDAL: It is very much impressed by the French system, by Montesquieu.

COMMISSIONER DAFOE: The social services are administered by comparatively small communities and by local organizations, are they?

DR. MYRDAL: Yes, that is correct.

COMMISSIONER DAFOE: But under the instructions of those general boards?

DR. MYRDAL: Yes, the Community Councils are elected on a democratic basis by the citizens in these communities. It is a sort of honorary position as they are sometimes paid very little. These boards run old age pensions, relief, and the various pension systems. They control in a general way, the government of the community. There is usually a special board set up for every one of these different purposes. Most of the social services are then under the social board, but in some cases, as for instance the old age pension system, there is a special central board. These boards give



instructions and look after the needs of the people. There are inspectors in the school system for instance, having a district of 20,000 people whom he has to look after and give advice.

COMMISSIONER DAFOE: These smaller councils in the communities which administer the social services have to conform to a certain amount of money; they are given so much money, and they have no power themselves to enlarge upon the amount, have they?

DR. MYRDAL: Well, I think you should rather say they are supposed to follow certain lines, and in order to be able to follow certain lines they must receive a certain amount of money from the community purse. The community has the money, so the council gets the money from it. If the council should run out of money, it goes back to the community.

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We are in a very difficult situation in Sweden because we have too many councils for the local communities. Perhaps, it is on the whole very good to have many of the people endeavouring to take part in the government, not only as electors but as office holders. We now have, however, a committee trying to rationalize and centralize community government. You have boards for relief, boards for the poor and boards for the unemployed, the old age pension board, and so on. The idea of the reform now contemplated, is to get a general social board in the community to work a number of sub-delegations for social health work and so on.

COMMISSIONER MACKAY: Would you give us a little more detailed information on the functions of planning, that is as it is carried on for depression periods and for public works?

DR. MYRDAL: The budget-structure described is, of course, only the formal scheme. The actual planning is in having the economic and technical plans, the blue prints of the new works which we plan. We have had a commission working on that, and it has recommended to all communities, state bodies, railways and post offices, for them to make a ten year plan as to what they intend to do. They are further asked to postpone during the boom anything





which can be postponed. Then, we have had a housing commission, of which I am a member and we have outlined a general plan for putting a housing policy into effect. We have also asked the communities and those self-governing boards, railways, and so on, to make definite technical and economic plans and have them ready. We are building up a sort of capital of plans already acquired in the public works department which we can put into action at once.

MR. SKELTON: What body coordinates the plans and decides that the time is ripe for them to be put into effect.

DR. MYRDAL: I am sorry to say that we have no such body. The minister of social affairs is charged with ward of the duty at the present time, but there has been much discussion over the fact that we ought to have a special bureau for all plans.

MR. SKELTON: The minister of social affairs, then, must have a large department dealing with the technical problems, the railway problems and so on?

DR. MYRDAL: IT is divided, he has only the more social side of public works. The minister of transportation has roads, public housing and railways.

MR. SKELTON: There is no one body coordinating all of those?

DR. MYRDAL: There is no coordination at the present time; there is coordination in the government, of course. I believe we ought to have a body for that. The new institution which we call the business cycle institute, and which is now collecting facts in order that we can keep in contact with the economic development, could grow up to be such a board because on the board of this institute, we have the directors from the different central boards and representatives from the central bank, the minister of finance and so on.

COMMISSIONER MACKAY: I am wondering if the government of Sweden is independent enough and courageous enough to recognize a depression when it comes along?

DR. MYRDAL: Oh, certainly, I think the difficulty is the



opposite. One might wonder if we have a government with enough courage and independence to recognize when we have a boom.

MR. D.C. MCGREGOR: Can you tell us what have been, roughly, the changes in wage rates since before the war in the different occupations?

DR. MYRDAL: I could say about agriculture. Wages, that is real wages have not gone up very much in the agricultural occupations before the very last years.

MR. D.C. MCGREGOR: I had in mind money wages.

DR. MYRDAL: Perhaps it would be better if I looked it up. No perhaps I could take it just broadly. We believe now that the average industrial worker in Sweden receives approximately 2,800 kronan. This is not very much if you put it in terms of dollars, but you cannot compare it because the cost of living is not absolutely corresponding to exchange rate. The agricultural worker does not reach that level, as he receives only about 1,400 kronin. This is considerably less, but his cost of living is quite a bit lower. If you look at the money wages, you will find that they have fluctuated relatively little. They decreased on the average from 1929 to 1933 only by 6-8%. From 1933 they have increased perhaps a little more than 7 or 8 per cent.

Then, in considering real wages, real wages in the industrial pursuits, have increased considerably up to about 70 per cent. The low wages of the agricultural workers have not been increased by more than 10 per cent, and on the whole, the differential between agricultural and industrial wages has been increasing all the time. If you look at our wages, you must not forget that in the Swedish workers life there are many other important elements than wages and prices to be considered in standard of living. The State and community is much more important than in most other countries. Then there is our whole system of social insurance and so forth; I think it is very difficult to make a comparison.

MR. D.C. MCGREGOR: Can you add to that, to some extent, how





much the national income of Sweden fell off during the depression, just a rough percentage?

DR. MYRDAL: The total amount of wages, if I might start with that, fell from 1929 to 1933 about 30 per cent. This not only due to decreased wage level, but to unemployment and shorter hours of work. After that, the total amount of wages has been increasing, I think, about 50 per cent at the present time. The Swedish national income has, of course, not been moving so much as the total amount of wages. I think, if I should make a calculation just now, if I had the figures, I should think the national income was decreasing, that is the real national income, was decreasing in the great depression between 15 and 20 per cent. This is just a guess. Now we have again a much higher national income.

THE ACTING CHAIRMAN: Dr. Myrdal, you will please accept the sincere thanks of the Commission for your exceedingly enlightening information and the great contribution you have made to our work. We will adjourn now to resume at 2.30, at which time we will take up our regular sittings.



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Commission on, 1937

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ROYAL COMMISSION ON DOMINION PROVINCIAL-RELATIONS

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REPORT OF HEARINGS

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REPORTERS:

George Thompson  
John Robertsen  
David Torry







OTTAWA, ONTARIO, MAY 25, 1938

REPRESENTATIONS BY THE CANADIAN  
WELFARE COUNCIL

Page

MISS CHARLOTTE WHITTON

9172-9227

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OTTAWA, ONTARIO, MAY 25, 1938

LIST OF EXHIBITS

	<u>Page</u>
Exhibit No. 380A: Summary of the Brief of the Canadian Welfare Council	9227
Exhibit No. 380B: Brief of Canadian Welfare Council	9227

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OTTAWA, ONTARIO, MAY 25, 1938.

TOPICAL INDEX

	<u>Page.</u>
<u>WHITTON, MISS CHARLOTTE</u> (Canadian Welfare Council)	
Introductory remarks	9172
Necessity of social services	9173
Increasing extent of dependency in Canada	9173 9174
Re increased Dominion subsidies to the provinces for social services	9174
Dominion-Provincial collaboration in examination of a control of settlement	9175
Development of occupational training, placement and employment	9176
Integration of Dominion Employment Service Council with similar provincial councils	9176 9177
Desirability of social insurance	9177
Four types of dependants which could benefit from social insurance	9177
Proposed Dominion Social Insurance Board	9179
THE ACTING CHAIRMAN: Re private insurance companies of Dominion incorporation	9179 9180
MR. FOWLER: Approved societies in England	9180 9181
THE ACTING CHAIRMAN: National insurance corporations	9181
Persons not eligible for contributory aid under a social insurance scheme	9182



Statement by Sir Wilfrid Laurier	9183
Provincial assumption of two general types of social aid	9184
MR. FOWLER: Dominion and provin- cial Employment Service Councils; overlapping of Dominion and prov- incial services	9191
Old age pensions	9191
MR. FOWLER: Unemployment insurance	9192
Administration of Mothers' Allowances	9193
Unemployment insurance, poor relief, and the Employment Assistance Board in England	9194
MR. FOWLER: Cooperation between Dominion and province in administration of employment services	9195
COMMISSIONER ANGUS: Distinction between a contractual and non- contractual benefit	9196
Health Insurance	9196 17
COMMISSIONER ANGUS: Distinction between a contributory basis and an insurance basis	9197
Combining of adminis- tration of health insurance for those able to contrib- ute with administration of medical services for the indigent	9198
Upward income limit for those eligible for health insurance	9200
Choice of provinces between different systems of health insurance	9201
COMMISSIONER MACKAY: Distinction between contributory and non- contributory groups in social field	9202



WHITTON, MISS CHARLOTTE (CONT'D.)

COMMISSIONER MACKAY: Classes of persons belonging to indigent or partially indigent groups	9203
As to what assurance the provinces would have of being relieved of burden of social service costs in event of proposed scheme being adopted	9204
COMMISSIONER DAFOE: Compulsory contribution to social insurance	9206
Social insurance system in Switzerland	9210
COMMISSIONER DAFOE: As to whether Dominion or the province respon- sible for persons who do not contribute to insurance	9210
Central Assistance Board in Great Britain	9211
Questions of taxation	9211
Contributory Old Age Pension system in the United Kingdom	9211 9212
Transiency problem	9212
Differences in non- contributory services of province and municipality	9212
COMMISSIONER DAFOE: Difficulty of persuading municipal units to merge with larger units	9213
Proposed creation of local welfare units	9213
Children's Aid Society	9213
Health units in the province of Quebec	9214
Difficulties of achiev- ing efficiency in wel- fare services under municipal administration	9214





WHITTON, MISS CHARLOTTE (CONT'D.)

COMMISSIONER DAFOE:		
Relation between policy and election commitments		9215
Political influences in administration of welfare services		9216
MR. FOWLER:		
Political pressure on a local administration spending money received from the province		9216
Local welfare boards		9217
Dominion Welfare Board		9218
Dominion Grants-in-Aid		9218
MR. FOWLER:		
Determination of Dominion Grants-in-Aid by Dominion advisory welfare board		9219
Social services relating to child care and protection		9220
Preventive work and "non-ward work"		9221
Dominion-Provincial collaboration in the care of youthful offenders		9222
Problems of non-residence and migrancy		9222-9225
COMMISSIONER DAFOE:		
Suggestions with respect to transiency and non-residence		9223
Voluntary participation in welfare services		9225
Lack of adequate data on social work		9225-9226
Creation of local welfare unit for demonstration purposes		9226



## ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

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 OTTAWA, ONTARIO, MAY 25, 1938
 

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The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at The Hearing Room, Board of Railway Commissioners, Ottawa, on Wednesday, May 25, 1938 at 2.30 p.m.

PRESENT:

COMMISSIONER JOSEPH SIROIS....THE ACTING CHAIRMAN

JOHN W. DAFOE, Esq.	)	
DR. ROBERT ALEXANDER MacKAY	)	Commissioners
PROFESSOR HENRY FORBES ANGUS	)	

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secrétaire Français
R. M. Fowler, Esq.	Legal Secretary to The Chairman
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE WELFARE SERVICES

FOR THE CANADIAN PEOPLE:

Miss Charlotte Whitton, O.B.E.	Representative
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AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

MR. FOWEER: Mr. Chairman, Miss Charlotte Whitton will present the brief of the Canadian Welfare Council.

THE ACTING CHAIRMAN: Will you proceed, Miss Whitton, we are ready.

MISS WHITTON: Mr. Chairman, I am presenting the brief of the Canadian Welfare Council and I would like to say by way of preface that most of the large Councils of Social Agencies across Canada have, on the whole, been satisfied to leave it to the Canadian Welfare Council to handle the representation on this subject, and four of these Councils definitely having had the time and opportunity to go into the material, wish to be associated with our representation. Those are, the Councils of Hamilton, Ontario, London Ontario, Regina Saskatchewan, and the Federation of Jewish Services of the City of Montreal. I might say by way of introduction, Mr. Chairman, that the Council is addressing itself to two points in the Commission's Reference, - that is, that it is expedient to examine the Constitutional allocation of governmental burdens to Dominion and Provincial authorities, and what measures are likely to conduce to a more efficient, independent and economical discharge of governmental responsibilities in the Dominion. Our representations bear solely upon the principles in the organization and administration of the social services; we do not feel competent to enter other fields as to taxation and reallocation of powers.

Then I think for an understanding of our suggestions, it is desirable for us to enunciate the basic premises on which they are made. We do not argue for these, we simply accept them. It is accepted that in a democracy it is axiomatic that each citizen will accept his or her share of its burdens, and that it is the first duty of the State to



attempt to assure for all its citizens, able and willing to work, such conditions of gainful occupation as will make possible at least minimum subsistence. Now, any failure to do that, it devolves upon the State, we feel, to assure, directly or indirectly, the provision of measures and aid necessary to the survival of life.

Then to turn to our own country, we see here as in many States, real wages and the returns upon our natural products depend upon international as well as national factors, and that when wages and incomes cannot be sustained at the minimum levels of sustenance, there will then come in by way of the social services a supplement, as it were, to real wages, to sustain life at that higher level. Therefore, we simply take it for granted that the average community accepts the necessity of the social services as essential to life,-that certain requisites, essential to life, may prove beyond the resources of the individual, whether the cause be individual or social. We feel that is accepted. Now, accepting that, we have to accept another thing or keep it in mind, and that is, developed in detail in our brief; that is, the relation of wages both to these things, the relation of a return on natural products as well, and at the same time the definite limits that those things impose upon the ability of the worker in Canada, no matter how willing to provide services for the non-producer. We have developed in the brief information which we think substantiates the fact that if one were to express it graphically, one worker to-day in Canada must produce income to support about two other consumers. That imposes definite limits on what we can do, no matter what we would do in the social services.

The other point is an introduction to our suggestions, and on which we would dwell; that is, the persisting and increasing extent of dependency in Canada. We feel that it is



tapping at the very source of national virility, that it is tapping on courage, freedom, and independence of thought and action. That is set out in detail, the extent generally of this dependency. It is a cause for worry at the present time that in the spring and summer of this year we seem in many places to be about where we were last autumn. We feel that the first point of collaboration between the Dominion and the provinces must be to attempt to arrest this drift in to dependency. That is a very important beginning, quite as important as what relations and allocations of responsibility are to be developed in meeting the results of this dependency. Looking at the whole situation, the Canadian Welfare Council, after careful consideration, is disposed to reject any device as simple as an increased subsidy from the Dominion to the province or local authorities, to allow them to discharge those obligations. It is also somewhat reluctant to endorse any proposal as the surrender of certain taxing powers to the provinces, because we feel that the fundamental adjustments are much more fundamental - I repeat the word - because simply that solution would mean that we would have new difficulties; Dominion services would have to be curtailed or new taxation would have to be imposed. Along with that, the provinces would be very unequal in their benefits from any such simple solution, and most likely the province with the greatest load would benefit the least. On the other hand, against the comparative simplicity of centralization of services entirely under the Federal power, we feel that the whole economic and social structure of the different provinces and communities cry out. So that the thing we advance for the background, as it were, of our argument, is the principle on which we are working, - that is, the same compromise in partnership, the same Dominion-Provincial attempt to work in a balanced give and take, which





has brought us, after all, through an uneasy partnership at times but through a fair measure of development, trying to visualize in the submissions which we are making the assignment of certain responsibilities definitely to the Dominion, of others to the provinces, and the reallocation of those within each province and its municipalities as may seem wise in each case.

Now, to develop our suggestions we divide the population from our point of view into three classes, from the status of dependency or self-support. That is, persons wholly and fairly continuously dependent upon the community. There is a large group of them. Those persons who are ordinarily independent on a small income and who, in the first thrust of circumstances, either individual or social, are thrown into dependency. And in the third group, persons ordinarily and reasonably secure and self-supporting, ranging from the average middle class to what we call the luxury or surplus income group. Now, unfortunately, the first group has been increasing in Canada in the last eight or nine years. The second group has been increasing. It is there that we see one of the first reasons for Dominion-Provincial collaboration. We think that more co-ordinated effort and control are indicated in the direction of controlling the population into gainful occupation in both secondary and primary production, and in the preparation of the population who will be gainfully occupied in their shift into either the primary or secondary production. We feel that that involves Dominion-Provincial collaboration in the examination of a control of settlement, in the closing of further settlement in areas that would be scheduled for depopulation, and the resettlement of their population. Those areas are scattered in different parts of the province. There are many right within this province not a great distance from the capital,



and in other provinces similar districts can be shown, where not as a result of the last eight or ten years, but during one or two generations the population has been held down or has drifted down into increasing pauperism, dependency, and even to degeneracy. Then we feel that this drift also calls for Dominion-Provincial collaboration, -definite colonization and settlement plans, for the moving of population from these areas and for the movement from even some urban points into other areas. There we feel that there is precedent for Dominion leadership as there was in the days of heavy immigration and colonization in the organization of these measures, but we feel that their effective execution would be perhaps best carried out according to plans within in each province and by inter-departmental activity within each province. Then the other line of approach to curb this drift to dependency is, of course, in the development of occupational training, placement and employment, and that is more complicated from the point of view of Dominion-Provincial relations, in our judgment, because of the reservation of all educational services to the province, and the very definite relationship of vocational training to gainful occupation. Along with the recognition of that you have to face the fact that placement must be within the Dominion purview.

These considerations might be reconciled, we feel, in the assumption by the Dominion of the initiative in the constitution of an Employment Service Council, reconstituting and reviving the body which functioned until 1930, and absorbing into it the present Youth Training Committees. As it was contemplated under the Dominion Co-ordination of Employment Services Act of 1919, that Dominion Employment Service Council should be integrated with similar provincial





Councils and with local bodies . We feel that the possibilities of that plan have never been fully explored, the possibility for a co-ordinated plan for the development of services that would be outlined and supervised by this Dominion body, but actual administration, along identical and co-operative lines would be vested in the provinces.

Having dealt with the question of the drift into dependency and with co-operative methods, machinery and programme, to attempt to stop it, we turn to the services actually designed to alleviate distress, and we develop the reasons why we think that social insurance must be regarded as essential for the protection of the worker of low income in the modern industrial state. And that we feel the contributory principle must be introduced into the Canadian system of social aid for all types just as soon as possible, - that is, for the relief of all types of aid that are due to predictable causes, and measurable. We believe that those types of dependency, which can be rendered susceptible to this principle can be summarized under four headings: Dependency due to old age; Dependency due to widowhood or orphanhood: That, we agree, will be in a more limited measure because when you analyze cases of mothers in receipt of allowances in different provinces you find the father ordinarily dying in early middle life, so that there would not be a heavy accumulation of insurance there as there would be say for the relief of the dependants of the aged worker. But as the British experience has shown, a very large percentage could be rendered assistance by the introduction of the contributory principle. The third group, dependency due to the impairment of gainful occupation or employment, under fixed conditions of duration and circumstance, and the fourth group; dependency due to the costs of medical and health care during sickness, and the relative dependency arising from



ill health. We think also that the loss of income during actuarially calculable periods of illness due to sickness can be rendered susceptible to contributory measures.

Now, to revert to those gainfully occupied, we feel that having regard to the large number of Canadians gainfully occupied on their own as against a wage-earning basis, that any system of social insurance that is developed in Canada should explore the possibility of an individual savings plan, with the State as a partner, as well as the system usual in most countries on the basis of contributions from the state, the employer and the individual. Otherwise you will leave out, especially among agricultural workers, a very large percentage of Canadian workers, and a large percentage of those who do contribute to dependency; because if you analyze the persisting relief totals in many Canadian Cities and Provinces to-day you will find that a large number of those were not wage-earners, they were working on their own, and it is there that you find a large group of unskilled workers, and therefore if we are going to look to this contributory system to pull down and share with the individual the cost of dependency, you will have to look, particularly in Canada to the development along those two lines.

Now, in regard to these contributory services, we argue that the measures of contributory insurance, properly regarded, are not measures of philanthropy, but they are measures of partnership, of savings, of investment by the worker against the rainy day of his need, and by the State against a sudden outlay in times of contraction. And so we feel there is a very strong argument for keeping the organization and administration of the contributory services separate from those of direct assistance. In other words, we believe that advantage might be taken of the distinction



in jurisdiction between the Dominion and the provinces to keep the contributory measures on a Dominion-wide basis and separate from the administration of the non-contributory measures. To that end we suggest that the acceptance of this principle need not involve denial of provincial participation; that we could devise a Dominion-wide system, in which we suggest a Dominion Social Insurance Board, reporting directly to Parliament, through a specified Minister, and entrusted eventually with contributory measures governing dependence due to old age, loss of gainful occupation, widowhood and orphanhood, and dependency due to sickness and ill health. Now, we do not mean by that that such a Board would necessarily build up all those services; for instance, that it would build up the necessary service for health benefits but rather, that it would develop the general structure, the collection and the assessment, investigation, the payment of claims, utilizing existing services, both public and private, as these might be worked out and wherever they could be worked into a plan.

The Dominion Social Insurance Board, we suggest, might be constituted of a governing body consisting, of course, of a representative of the Dominion, nominees of the nine provinces and the private insurance companies of Dominion-wide operation, industry, labour, agriculture and finance; and that the Board might operate through a full-time executive board of three, with a chairman and secretary acting as executive officials, with a technical staff representative of the different administrative operations.

THE ACTING CHAIRMAN: What do you mean by the private insurance companies of Dominion incorporation?

MISS WHITTON: The National insurance companies, the large incorporated companies. In England they are called approved societies.





THE ACTING CHAIRMAN: Practically all the insurance companies then?

MISS WHITTON: Yes, that are operating. The life companies, I think they should be represented. We establish that in the brief, that the facilities of these large companies might be utilized in any system, as I say, as in the British system. For instance, in the British system if I am a policyholder in the Prudential Life Company and care to pay my benefits through that, they are paid through that. The proportion of the payments of the insured person into the commercial corporation is maintained by the Commissioners, and invested by them.

MR. FOWLER: Miss Whitton, is not the approved society in England a rather different thing to the insurance companies in this country?

MISS WHITTON: Some of them are. The approved society in England is of two types. The approved society may be fraternal or benevolent, but the approved society is also the great commercial companies, like industrial insurance companies; in fact, I think I am correct in this, that the greater proportion now of the risks of the insured in the approved societies are those with large companies because they have been able to give much heavier additional benefits.

MR. FOWLER: The reason I asked was I thought in one of your articles on the matter you pointed out that the success of the British system lay in the small mutual benefit societies which they had, and which they could use as a unit for administration in health insurance and that sort of thing.

MISS WHITTON: Of course that is true, particularly on your class number, your miners and so on. For instance, the dental benefit, a good deal of that is an additional benefit due to these increased earnings, but I think the general



impression in Canada is that the approved society is something different than it was in the earlier stages.

MR. FOWLER: But you think they have not changed in recent years?

MISS WHITTON: I really think approved agencies would be better than approved societies.

THE ACTING CHAIRMAN: On page 19 of the brief I think you call them national insurance corporations, - "The creation of a Dominion Social Insurance Board, set up along lines comparable to the constitution of the Bank of Canada, reporting to Parliament directly through a designated Minister, but with its governing body drawn from the nominees of the nine provinces; of the national insurance corporations;"

MISS WHITTON: Well, these insurance companies of Dominion incorporation. In the printed brief, at the bottom of that page, for instance, we say; "in all phases of social insurances". Well, it should be "in various phases". Our suggestion there is that this Board should be like the British Board on unemployment insurance; the British Board of unemployment assistance, and should have direct access to the Minister who is responsible for them to Parliament. We feel there is a very real problem there if your Board is a Dominion-Provincial corporation. That is why we suggest that a structure of this type and size and extent, and significance in the life of the country should, through its own chairman, have direct access to this Minister in Parliament; that it should not be subservient to direct departmental control.

THE ACTING CHAIRMAN: You will probably find some opposition to that.

MISS WHITTON: Yes, I recognize that. But we feel in





constituting a Dominion-Provincial collaborating board that if you made that board subject not to Parliament through a Minister but to Parliament through the Minister in a Department, that you would immediately superimpose Dominion administration upon it and frustrate much of what you would hope to achieve through Dominion-Provincial collaboration.

We suggest to that end the drafting of legislation to provide for such a Board, and the system might be worked out in conference between the Dominion and the provinces, and when the system was working your regulations would be made on the recommendations of the Board.

Then to turn to the non-contributory services, on page 20 of the printed brief we deal in detail with those who would not be eligible for contributory aid; that you would have large groups of able-bodied needy, whose insurance benefits might be exhausted; you would have those who were not insurable; you would have the victims of sudden circumstances; you would have the unpredictable and incalculable needy, the dependants in all the common recognized categories of distress, - the stock-in-trade of the social worker. I will not take your time citing them, they are listed in detail.

Now, when we come to those classes of need which cannot be predicted there is another characteristic, we feel, which marks them, and that is, that they vary individually, and they vary within the local community, and local conditions react upon them much more so than on the great common group of insurables, and therefore there is a different principle acting as a determinant factor in the administrative services required to deal with that class. And because of their variation we feel too the wisdom of dealing with these types of need as close as possible to their occurrence, and certainly it has been my experience after eighteen years of social work in Canada that the further you remove the unit of fin-



ancial responsibility from the unit of the provision of care the more casual is your control and administration likely to become. We can see it in the administration of the Mothers' Allowance and Old Age Pensions; immediately there is an easing out of the cost from one unit to another, without direct control in some way of the administration, there is lack of care in expenditure.

We draw particular attention to page 30 in our brief, to Sir Wilfrid Laurier's warning on this subject, given during a debate in the House of Commons, during the introduction of Bills to create the provinces of Alberta and Saskatchewan, where he says:

"It is a sound principle of finance and a still sounder principle of government that those who have the duty of expending the revenue of a country should also be saddled with the responsibility of levying and providing it. That principle has been departed from in our case... I do not think it is sound."

And we draw attention to what he added, in a foot-note at the bottom of the page:

"It is the duty of everybody in this House and in this country to take Confederation as we find it with its good points and its blemishes and carry it to the end on the principle upon which it was established. The day may come, probably at no distant time, when the whole subject of the provincial subsidies will have to be taken up in a more radical way than any in which we can deal with it to-day."

Now, it is that same principle, along with this other one, that if you look purely for social consideration as a determinant in your administration, and we feel that the



assumption of responsibility for the administration of the non-contributory social services should be contemplated as the primary obligation of the unit of each province as a whole. Then within each province the re-distribution of that authority between the local and municipal authorities may be as varying conditions suggest. For instance, you will have a much heavier participation of voluntary charitable effort in the Province of Quebec than you would have in the Prairie Provinces where you have not the same history, where you have a different system, and where you have not had the long tradition of the supervised private charities operating and subsidized by the State within certain limits, to discharge certain obligations. That is why we say the exact reallocation of non-contributory aid from the provinces and the municipalities cannot be generally defined and must vary with each province. But as a possible line of demarcation between the responsibilities we suggest that the following might be considered; that you might look upon the provinces as assuming the cost and administration of two general types of social aid, that is, the type of need which arises over a very broad area, with fairly common characteristics, - widowhood, the dependency of children, where no other cause than one of economics exists, the care of the aged and infirm who are capable of care within their own homes. Then at the other end, the type of need which requires care of such an expensive type that they necessarily must be provided over a broad area of cost and centralized facilities. For instance, the care of the insane, the care of the tuberculosis, the care of the cancer sufferer, who must be removed from their own homes. There you have every indication of an administrative nature pointing to centralized provision of those costly facilities.





Now, that would leave with the local authorities then only the residual types of need of persons in their own homes that would not be covered either by the federal or by the general provincial services. Those would be the cases that varied with the individual and with community conditions. And then another type of institutional or custodial care, the type that is not costly, the harmless, say, mental case, the aged whose mentality has broken down, different types of handicap that are not of such a serious nature as to cause expensive care, or temporary shelter, such as the industrial refuges which dot the counties of Ontario, the county homes of the Maritimes. But those two classes remain, a major class which would rest with the local authorities.

Now, we believe that that redistribution, and rather it is not a redistribution, it is simply a clarification, would leave with each unit of government burdens within their capacity, and within those groups there are special classes, we have dealt in detail with them in the brief.

MR.FOWLER: Miss Whitton, might I ask a general question? In your summary on page 3 you refer to the creation of an employment service council for the Dominion and also talk about parallel provincial and regional bodies. Again at page 5 you refer in this demarcation of responsibility to the fact that there would be a provincial non-contributory old age pension scheme side by side with a contributory Dominion old-age pension scheme. Now, as you probably know, in the Order-in-Council appointing the Commission one of the matters that is referred to is the suggestion that Government expenditures are increased by overlapping and



duplication of services between the Dominion and the provincial governments in certain fields of activity. Do you not think that such a set-up as you suggest, with more or less parallel departments in the Dominion and in the provinces, would lead inevitably to the danger of over-lapping in services?

MISS WHITTON: No, they would not be the same services. If I might take the question of your contributory old-age pensions and your non-contributory. Your contributory old-age pensions would be a contractual thing. A man or woman paying in the specified length of time on condition is then entitled to receive that pension at a specified age regardless of what the conditions or what the circumstances are. That woman is entitled to \$18 or \$20 a month, whatever is to be the case, as a pension. There is no social administration. That is a question of banking and investment and the payment of that pension. It can go by mail or through the post office or in any way the payment is made. Now, your non-contributory assistance for the aged would be absolutely a proof of need and establishment of need, the ascertaining of it, the paying of it, the amount of it, would be **definitely** a question of social administration. It would be a social service. It is an administration of relief assistance. And we are trying to do the very thing that is implied in the question, to get these social service functions, as it were, the ascertaining of assistance, relief in some cases, away from the contributory and contractual payment, trying to get the service on the basis, and the kind of public aid, on the basis of right under contract, apart from the basis of a call on the strength of humane consideration.

If we go on at the present rate, and as we are doing





more and more, the Dominion old-age pension is getting involved in its inter-provincial regulations and in its administration, it is necessarily turning into a social service and the Dominion must do one of two things, it must either pass on the service itself or it must rely on the province, and it is too much to ask of a province that they take John Brown and prove that he is of so unstable character that he should not be given the Old-Age pension of the Dominion and then the municipality that proves that takes 100% of the cost, whereas if they do not prove that then 25% of the cost is in the province and 75% in the Dominion and nothing in the municipality. Now, that is asking too much of human nature. And this is what we are attempting. I think you are perfectly right, if we have a non-contributing system, as we have, if we have something that relieves that grant to the aged, as there is still the argument that the Federal Act implies that the state gives a pension because that man has worked for it, he has contributed, that his participation in the life of the country by way of his age, is by way of quid pro quo.

MR.FOWLER: Do you think that as clear a line of demarcation can be shown in other examples than old-age pensions? I raised the old-age pensions because you referred to it, but I am thinking, for instance, of unemployment insurance. I should have thought the unemployment insurance shades almost gradually into the question of unemployment aid. It is not covered by an unemployment insurance scheme. How would you effect that transfer from the Dominion to the Province?

- MISS WHITTON: Simply in the same way as it is done between, say, the two central authorities in Ontario, when your distinction becomes that on the basis of claim



enforceable by contractual rights. And you have got it, for instance, in Mothers' Allowances. In the city of Ottawa you have provincial service dealing with a widow - well now, instead of a widow, let us just take it clearly, the overlapping that develops on the ground of joint service. We have a mother deserted five years and she has four children and therefore she is eligible for mothers' allowance and provincial service, and the province prescribes the pension again, by the same social supervision of data. Next take the case of the woman deserted for three years, she is eligible for municipal relief. Now, there is no difference in that need, there is no difference in your statutory relationship. And under this plan, you see, your widow with children would be insurable, as under the pensions basis with a deceased soldier getting her pension. Now, your social service would be entirely a separate and provincial thing, should the pensions service feel on the ground of marital quarrel or something else, that although they have no contractual obligation there, they would like to be sure that the children were getting a chance, your state social service would take that job.

Now, coming down to unemployment insurance, it is, I think, the field in which it is so hard to establish a distinction. We have today, instead of unemployment aid having merged into relief, I mean relief in the social point of view in these various classes, relief has become unemployment aid and one has some way to try and unscramble that. Now, it must be tied in to your placement and employment offices and it must be tied in to your contributory measure, if you have it. If I might explain perhaps by reference to the English system, it might be more briefly shown. You had these two things together in England, until the coming into effect of the new



un-employment assistance board and service board in 1934. You had the three things where they have got two, and the two of them were merged. You had your poor relief, which was referred to here as unemployment relief, or social aid, it was unemployment help because the man didn't have anything, and insurance was absolutely separated under the insurance board and administered through it and through the employment service offices. Supposing John Brown is an insured man. He must go to his employment ~~service~~ first and regulations must be met in respect of his claim, then he collects insurance benefit at the employment exchange. But John Brown is unemployed longer than twenty-six weeks in the year that his insurance allows, therefore he ceases to be eligible for unemployment benefit, he goes to the employment exchange and his card is stamped the same way as it was but he does not then get the benefit. He then goes to the un-employment assistance office, which throughout the British Isles has its own staff of about 4000 workers. Now, those people are not people whose social responsibilities for the family are tied back by getting him a job, or on the other hand whose unemployment service is absolutely overwhelmed by relief. They are entirely and particularly a relief investigation staff as to the means of John Brown and his household. And if they say that John Brown, unemployed, and out of insurance, is eligible, then their cheque is authorized for issuance and he gets it at the employment exchange in the same way as he would get the unemployment relief benefit, but it is a different kind of assistance he gets, and therefore it does not go through the local authority, nor does it go through the local municipality. Their temptation to merge is removed, and the unemployment





assistance board pays the municipality all relief for that family and the administration, and which has led to confusion in this country and the idea that is very generally prevalent that able-bodied unemployed in England who have fallen out of insurance benefit, are handled by the employment exchange, but they are handled by the employment exchange in respect of their social aid, by social services. Now, if that man is not eligible for that at all, if he is a worker on his own, if his condition is due to drunkenness, some handicap, general instability, if he is one of the run of mill of this class, he goes through the local authority, and that is something of what we are trying to visualize here, that you would have your clear-cut insurance service in your employment and placement offices, not hampered or doing as they are today in Canada, many employment offices simply registration of unemployment rather than employment, simply stamping the cards, and that is the end of it. Instead of that they will do their function, but there would be those other services. Supposing the Dominion in respect to the province of Ontario, in respect to the City of Toronto, or, on the other hand, the city of Toronto or the province of Ontario in respect to the assistance of a certain other work wishes to have that employment service perform that function, the insurance office on the other hand, wishes the aid. What we are trying to get is self-contained services clearly defined.

MR.FOWLER: Do you think you would have the same co-operation and coordination between two bodies, one of which is the Dominion and the other the province, as between two separate branches of the same government?

MISS WHITTON: Yes, if the functions and financial



distinctions are clearly established, so that you are not asking one to penalize itself by doing honestly the service of the other. You ask the city of Winnipeg today honestly to prove that certain men are not employable, and the city of Winnipeg for its service and honest social work gets their cost 100%, and you ask the city of Winnipeg and the province of Manitoba to combine to prove that for you, and they lose the greater part of the cost of that dependency.

COMMISSIONER ANGUS: Is the distinction between a contractual and non-contractual benefit equally easy to establish in the case of sickness where the same treatment might be obtainable whether the person is insurable or not insurable? And might it be rather cumbersome to have two different systems side by side perhaps in the same small locality dealing with those who were insured and those who were ordinarily medically indigent?

MISS WHITTON: That is one of the things unfortunately that a little sub-paragraph which was omitted in the printed brief on page 19 would make a little clearer, and it is at the top of that page, where we refer to the insurance. There should be added a sub-paragraph:

"Nor should it preclude the use of existing facilities in the health services, in child care, etc., in any of the processes of providing benefits in which such resources are needed."

Now, the brief may not make clear, very lengthy as it is, we were trying to get it compressed, it may not make clear what the line of discussion at our different committees and different bodies collaborating was, and that was this, that in so far as your health insurance is concerned, your insurance board would not build up service, it would not build up nursing and





medical service, any more than it has in England, that it would use the existing services, and that hospitalization, medical care, health and nursing care of the sick in their own home, would rest with the provinces and the local authorities, because it would be predominantly one of two types, apart from your insurance group, it would be either care of the indigent with no contributory element in it, or it would be care on a pay basis, of the people able to pay.

COMMISSIONER ANGUS: A contributory basis and an insurance basis are not quite the same thing, are they? In the case of health insurance a workman might be able to contribute sufficient to amount to an insurance premium if he were married and had one child, and not in a position if he were married and had five children.

MISS WHITTON: Yes.

COMMISSIONER ANGUS: I gather that it would be quite wrong to insure the whole of the larger family and either assess the cost against the other contributors or have it paid by the state?

MISS WHITTON: Yes, our contemplation would be rather the latter, I think, but what I was trying to get at was that in your hospitalization rate, your medical care rate or clinic rate, whatever they were, that they would be built up on the basis of the insurance authority purchasing that from the existing hospital. And for instance, if hospitalization of a non-contributory and of the pay patient in the province of Ontario costs as at the present time I think it is, \$1.65, \$1.60 for one unit and .70¢ for the other, that in the respect to the insured patient the insurance body or corporation or scheme would only pay what the patient himself would have to pay, that they would not relieve the other authority,



except in the group of insured, which could be actuarially ascertained. For instance, for the man and wife and one child, that man might be able to pay that insurance rate; in that case the insurance would cover it and relieve the local and provincial authority, but in respect to the indigent or the man with five children and a low wage, that in that case that would become a cost against the province or municipality, but not a duplication of service, that wherever your insurance body could buy its service it would do so, rather than build it up.

COMMISSIONER ANGUS: Yes, I understand that. Might it not be convenient in many cases to combine the administration of health insurance for people who could contribute with the administration of similar medical services for the medically indigent?

MISS WHITTON: To do that the difficulty would be to keep the cost separate, you see. You would develop a system then whereby the person who was taxed compulsorily to contribute was getting exactly the same service as the indigent who was not contributing.

COMMISSIONER ANGUS: I understood that to be what has been suggested to us in other briefs, that the premium for the indigent should be contributed by the appropriate governmental authority, and then he would be insured just like anybody else.

MISS WHITTON: That, Dr. Angus, I would profess, is a controversial point of difference between certain social agencies and certain of the health agencies. And here I might speak personally because it is not in the brief, and it has not been dealt with in it; to my knowledge so far no state has been able to do that. It is not so in Great Britain. Your infirmary under the poor law would correspond to the public ward of the Canadian



hospital and there your non-contributory dependent patient receives care. Your medical care for your non-contributory recipient of aid is given by the medical relieving officer or his staff, full time medical staff. Now the question is that if the aid were given to the indigent, medical care particularly in his own home, nursing and other care of the variety and type and standard which you were meeting say entirely as two-thirds by the employer and the insured and the state, that it is a very great question as to the capacity of the unit to do it and certainly from any information I have been able to gather it is the opinion of responsible authorities in the United Kingdom that even in their state of development and with the very successful and very heavy accumulation of surplus in the national health insurance fund, that they could not attempt that.

Now, from the point of view of the public psychology you encounter a great deal of resentment towards it. As I have heard it expressed, you have a system of public education and I am taxed for that system and it is as good as we can make it. It does not matter whether my income is \$2000 or \$10,000 I can send my child to those public schools. If I choose to send my child to a private preparatory school and tax myself over and above for the private service to the extent of several hundred dollars a year, that is all my own fault and it is on my own volition. But I will not accept a system whereby because my income is over \$2500 I must send my child to that other school and I must accept compulsory taxation at that higher rate for it, and am precluded from sending my child to the public schools for which I am also taxed. Now, that is a practical block that you





moot in this proposal that I, because my income is of a certain amount, shall be taxed on a contributory basis to provide myself with medical care and at the same time am precluded from the other system or must provide the other system for the man who does not contribute.

COMMISSIONER ANGUS: But as I understand it that is a question of whether there is to be an upward income limit for those eligible for health insurance.

MISS WHITTON: Yes.

COMMISSIONER ANGUS: At any rate, to help to take it. And if you do not cover that situation you get this sort of complaint: You have people compulsorily insured with incomes perhaps from \$600 to \$1800, and then over that not insurable. The person with an income of \$1800 is contributing in part to provide medical service for the person with an income of \$600, but the person with an income of \$2000 is relieved from making any such contribution, and the insured person with an \$1800 income rather naturally says: "Why should people who are richer than I am not make this charitable contribution which I am forced to make?" The alternative is that the people with incomes over the \$1800 limit should provide by taxation for the medical care, such as it is, of the group below \$600.

MISS WHITTON: Yes. The whole block in the whole question - I mean it is a field in which the social worker is particularly interested, but it is not a field in which we have the full technical knowledge or experience which we have in these other fields, but the idea there which is going to be an extremely important one, I think, speaking simply personally, is: Are you to have an income limit, fixed at \$600 or \$1000, whatever it



is, or limit it, set it as low as one can, in which a contribution can be made by the individual and the State to health and medical insurance services, and in that have free choice, within fixed schedules of service, and over those you must pay 100% yourself. And then for your non-contributory, are you going to have full time medical and nursing services at the cost of the State? Whether that would be on a full time salary basis in your larger units, where your staff could do so, and be purchased on a per capita basis in your less populated areas, is a question which one would have to know. But in the other necessary question of nursing care we are advancing a very far way in that direction by the extension of the service of the Victorian Order of Nurses which are moving right on that principle of complete full-time service for the non-contributor. And until that fundamental question of principle, which is tied up with the whole question of the status and tradition of medicine is solved one cannot be as clear-cut in the division of these services.

COMMISSIONER ANGUS: I understand that, and I see the two systems. The next problem is this: The different provinces may not make the same choice as between system "A" and system "B". According to their condition some provinces may think that of those two systems one is preferable, the other provinces may think the other is preferable. Can you leave them liberty of choice in that or is the power to force one or other system on the whole country to be given to the Federal Government?

MISS WHITTON: Well, on that exact point, as I say, in this particular detail going out into the medical services, our group, and I am only speaking personally, it is my own feeling that in the conception say of the





Dominion Insurance Board that what would likely prove most preferable in the end would be to attempt to get the one system of insurance and have your insurance uniform within your different provinces and then for the care of the indigent let the province and the municipality within it deal with it as it desired. If it cared to put on a full-time staff let it do so. The cost would be within its own services. If it desired, on the other hand to give absolute freedom of choice and make contracts with the medical bodies, the nursing bodies, the hospitals, and give the same standard as to their insuring groups, again let them do so. But the federal power I should think would have the determining by virtue of the fact that if they did the one would likely prove beyond their financial capacity. But we have not got the data in this field as we have in some others, inadequate though it is, to know what the actual cost would be. I think myself that the application of the standard of insurance service, of what would be acceptable to the person paying definitely for it, the application of that to a tremendous population of non-contributors and over a country as sparsely settled and as hard to serve as this is would be beyond the economy of the state. There would be nothing left for public education or other things if the per capita cost would be anything comparable to that of other countries.

COMMISSIONER MacKAY: I find it hard to draw a line between the groups who would be in the contributory list and those who would be in the non-contributory list in this whole social field. I can quite see in the field of unemployment you can draw certain arbitrary rules that those who have been so long on the unemployed list belong to the indigent, or those who are ill and



unemployable belong to the indigent group. But when you come to health insurance, where are you going to draw the line? Are you going to consider your whole working population insurable?

MISS WHITTON: It would be on your basis of contribution, the capacity to contribute.

COMMISSIONER MacKAY: Yes. Then all those who are below the contributory line are the indigent class and fall upon the province?

MISS WHITTON: That is just what Dr. Angus was asking and into which we have not gone in our brief, as to which thing you would do.

COMMISSIONER MacKAY: Well, do you mean that those who are not now contributing because of long unemployment, - those who care to contribute to unemployment insurance - those who cannot contribute to widows' pensions or orphans' pensions as the case may be, those who cannot contribute to health insurance because their income is too small, - they belong to the indigent or partially indigent classes?

MISS WHITTON: Yes, or the classes dependent on assistance instead of insurance.

COMMISSIONER MacKAY: Now, the other groups, the contractual group, would be on a purely voluntary basis?

MISS WHITTON: Oh no,

COMMISSIONER MacKAY: Well, where are you going to draw the line? I am just trying to get at where you are going to draw the line between the two groups?

MISS WHITTON: Well, the line would be drawn just as it was in the unemployment insurance, as a result of actuarial study and deduction as to how how you could do, where that would go, into what degree?

COMMISSIONER MacKAY: Then you would leave it entirely



to the Dominion to draw the line?

MISS WHITTON: Yes, to the social insurance body, the Dominion social insurance body which we contemplate as a Dominion-provincial body, appointed for a term of years, and its ascertaining, say, as in the unemployment insurance measure which was found to be unconstitutional, as to the inclusion of the groups, the determination of the policy, all that was fixed on the basis of actuarial deduction.

COMMISSIONER MacKAY: The Dominion then would draw the line or push the line out as far as it liked, or draw it back. My question is what assurance have the provinces that they would be relieved at all?

MISS WHITTON: That would be actuarially ascertainable, what could be done, for the body which would undertake the study and recommendation. You see, we suggest that legislation should be worked out as the result of conference, by the conference method, in this body when it was created, and that they would find what would be actuarially possible.

COMMISSIONER MacKAY: Well, then, within the degree that the Dominion would be the unit paying the one-third or whatever proportion it was, the Dominion would have control? Would not you have to have an assurance for the provinces that this would relieve them in any substantial way of the present burden of social welfare?

MISS WHITTON: Well, the contention of any province as to the carrying of the thing would be subject to actuarial ascertaining and drawing up, so that it would be absolutely obvious, and then it would depend on the financial capacity of the Dominion and of industry as to how far and how much they could go. The latter part





of our submission deals with the recognition of the fact that there would be a period, a very substantial period of time, until your insurance could come into effect and that there could even be in some of the provinces a situation whereby your insurance group would not be large enough that it would keep it, and we go into the principle of grants-in-aid in the interim, but looking over a long period of years you would have, I should think, that as the protection of the provinces, just as you take when the unemployment insurance measure was under discussion, when it went through, I forget whether the change was effected in the Commons or in the Senate, the hearing there, but logging was not in because the lumbering in the East was not susceptible because of the period of employment and the conditions of insurance. Well, that was protested by British Columbia industry which maintained that logging with its alternate seasons in the bush and the mills, that it was a practically continuous process. Well, it was referred to the headquarters, I forget whether the amendment was made in the Senate or the Commons, but it was made to include logging because it was found that logging, the period of employment, the wages and everything, made them eligible, a logger in any process. On the other hand certain other groups were dropped when protest was made. Certain groups were dropped after the actuarial report was made to the Committee of the Senate. And there would therefore, I think, be a situation quite susceptible of proof right up to the point where it became a question as it would under any system.

COMMISSIONER MacKAY: Do you mean proof that would convince the Social Security Board or proof that would convince the politician?

MISS WHITTON: Well, I think it would depend on the



proximity of an election to the time in which the proof was admitted. But I think that there is a middle course, with your social security board or your social insurance board making strong recommendation direct to Parliament through the Minister. That is another reason why we suggest no interjection of the Department between. You would have two things: You would have the actual financial capacity of the country and you would have public opinion. And I think it would substitute an actuarially sound basis for what was otherwise horse-trading.

COMMISSIONER DAFEE: The groups that would have to make contribution would be obliged to make it.

MISS WHITTON: Yes, it would have to be compulsory.

COMMISSIONER DAFEE: You could not afford to let a man exercise an option, because he would not make a contribution and take a chance on the province coming across.

( Page 9210 follows)





MISS WHITTON: No, of course, it would have to be compulsory. Of course, the Swiss system, particularly leaves it optional with the cantons. They have that structure. Even if one canton wants to come in, an industrial canton, and the pastoral canton does not, come in, there is an adjustment in the framework of each. I do not think that would work in Canada with the mobility of our population. You would have a heavy rush to the province having the system and away from the provinces which did not have the system.

COMMISSIONER DAFOE: I have not been following the discussion on this question very closely, and I am not clear in my own mind as to whether the Dominion or the province is liable for the support of the people who do contribute and get their allotment that way, when they are out of work and then, when the allotment runs out, does the province look after that or is it a Dominion obligation?

MISS WHITTON: That would be our suggestion unless there were circumstances of such a character that the Dominion would take over the public's share of the insurance premiums and carry that on. When there is a non-insurer, the province could arrange with its municipalities for their care. For instance, you have here a different arrangement in the different provinces with respect to mothers' allowances. You have some provinces equalizing the levy and you have some taking 10 per cent from the municipalities while others take 25 per cent. There are still others carrying 100 per cent. In following out this insurance scheme, we contemplate the non-insurer as falling into the provincial-municipal jurisdiction.

COMMISSIONER DAFOE: Though, when he is able to make



a contribution he comes back, does he?

MISS WHITTON: He comes into his insurance. Though it is one government which is handling it in Great Britain, it is passed over to the central assistance board and passed back to the insurance board.

COMMISSIONER DAFOE: The central assistance board in Great Britain, of course, is a body functioning, in effect, for the same government as administers the insurance, but here you would have a different government.

MISS WHITTON: Yes, we are really trying to get a distinction, trying to get a different class of unit. What is <sup>in</sup> mind at this point is to try and bring almost all of the units, the small units into a combination.

COMMISSIONER DAFOE: Of course, at the beginning of your brief, you leave all the questions of taxation out and the questions of taxation tie in very closely with this question.

MISS WHITTON: Oh, yes.

COMMISSIONER DAFOE: In the system which you have outlined, the probabilities are, judging from all the representations which have been made to us, that a majority of the provinces, perhaps all the provinces with the exception of two, would say that it is impossible to carry that burden with the present allocation of taxes.

MISS WHITTON: The provinces could not carry it to-day, I do not think, but we are looking towards the long term development of your insurance. You would have, in a comparatively short time, approximately 15 per cent of the costs of old age pensions lifted from the provinces. The data is not obtainable in Canada to say what percentage would come back within a reasonably short time, but in the United Kingdom there is a contributory old age pension



system. Under the contributory pension system, the pension starts at 61, but a person not contributing cannot get any pension until he or she has reached the age of 70. It is very interesting, each year, to see the growth of the contributory system. If this policy were operated over a long period of time, the province would be relieved of a considerable portion of its mothers' allowance costs, old age pensions and the care of the indigent as well as part of the unemployed. There are several considerations, however, which enter into the matter. For instance, when we were going over the suggestion of control and reciprocal arrangements for non-residents as well as the migrancy of relief recipients from province to province. Certainly, there were 7 or 8 of the larger municipalities which had very considerably lower figures. Take, for instance, the city of Toronto. In five years, 44,000 single men were given help in that city. Of this number, 26,000 or 23,000 were transients. You see, of course, you have only random statistics of such conditions, but I am quite satisfied that British Columbia, Manitoba, Toronto, and Montreal, if that migrancy question were settled, would have a substantial reduction in the costs of unemployment relief.

COMMISSIONER DAFOE: There would be the provincial-municipal unit, and in the interval the Dominion would make grants-in-aid?

MISS WHITTON: Yes, that is so.

We come now, to the differences in the non-contributory services of the province and the municipality. There, we submit, the people pay for local services, and it is at this point we believe the whole crux of the problem of Dominion-Provincial relations is seated. There is an





inadequacy in the standard of the unit in control of the actual administration of aid to the person in need. You have, as you know, 4,200 odd municipalities in Canada. Most of these are too small to have a full-time personnel of high standard in charge. We feel that a great deal of effort is necessary in trying to get a local unit which will be large enough, such as your school inspectorate, to justify the appointment of qualified full-time officers.

COMMISSIONER DAFOE: You would have an almost impossible task on your hands to get the existing municipal units, the small units, to give up their corporate existence and merge with the larger units.

MISS WHITTON: Our suggestion is not that they do so. I would think it would be almost impossible to get a township in Ontario--take the counties in Nova Scotia and Ontario, they are almost principalities in point of view of historic tradition. There is a long story which accounts for part of the strength of the provinces before Confederation and the strength of the municipalities before the emergence of a direct provincial government, would be a very real factor. What we suggest is the creation of local welfare units. The welfare units for each county in the eastern provinces and Quebec and Ontario might be used. A great part of these problems of municipal administration and costs from North Bay west, lies in the absence of the county unit or any unit comparable to it. The county unit in Quebec, the Maritimes and Ontario, exercises a great counterbalance. Take the childrens' aid Society, for instance. Child protection in Nova Scotia and Ontario is assumed on a county basis as well as relief for the county poor. There is the marvellous system of health units



in the province of Quebec, one of the most efficient in the world. It is put on a county basis with a full-time county staff. It is this that we contemplate in the creation of a local welfare board on a district basis and each municipality within that area would be directly represented. They would have a nominee or a group of municipalities would have a nominee. So, you might have a nominee from the province; two of them would be selected and three from the voluntary services. When you come to the voluntary service unit, you find that it is substantially contributory. This is particularly true in child welfare and protection. This local welfare unit, it was contemplated, would be charged by the local authorities with the administration of those non-contributory services in that area. Moreover, they would see to the non-contributory services, especially for persons in their own homes. You would have the provinces entrusting this administration to that local board which would be represented on it. This board would, in the different provinces, act in an advisory capacity to the provincial government. The provincial welfare supervision board would have three members on it. One of these would be appointed by the municipal unit, one by the province and the third, would be the chairman. These people would hold office for a fixed period of years. It would be longer than the twelve months of municipal government. This is another thing which leads to this great lack of unity, coordination, and efficiency in your welfare services, which are under municipal administration. Under municipal administration, you have twelve months of life in the body in which to build up control and supervision. It is almost impossible to build up a service, as you might have staff changes every few months. There are 60 to 90 days at the end





of each year which are spent in the preparation for an election. Then, there are 60 or 90 days more spent getting over the election. There are five or six months of the year in which one can attend to the building up of the services, and those months are usually in the summer when everyone is away.

COMMISSIONER DAFOE: Then there is a relation between policy and election commitments, is there not?

MISS WHITTON: Yes, there is. A large part of the difficulty in social administration is due to that fact. Unfortunately, perhaps not unfortunately, the social work has become quite a political business. It is the man whose mother you can put on the old age pension list and the man himself on relief, who will vote for you. The man would rather have that than a few days work on a wharf, bridge, or road. It is necessary to get that detached control and to have a full-time qualified personnel.

In a community of fair size, there is usually a garbage disposal inspector. In the smaller municipalities there will be a sanitary inspector or a man who issues the dog licenses and it is usually tacked upon their work to do the necessary investigation and inquiry concerning an applicant in need. You cannot have much success in administration when you have municipalities too small to take on full-time officers. If you had a larger welfare unit than at the present time, the Dominion participation, that is as to its funds, would be more carefully safeguarded. As it is composed at the present time, your organization, administration and control are inadequate, and we believe a very large part of the necessary administration work rests on these local units.



Now, in considering the west, for instance. In the province of British Columbia there is the county unit which is the basis for the county court, and there are also the judicial districts of Manitoba. It is possible to use the school inspectorate as a local welfare unit. We believe it would be better to use some existing authority such as those to which I have referred in which the municipalities have already learned to work to-gether. In Alberta and Saskatchewan there are the municipal hospital districts. In this way, some existing unit could be used as a basis and you would not have these violations of the independence of small municipal interests. In one of the western provinces, I forget just which one, has given the Commissioner of Education, within the last two years, authority to create wider educational districts.

COMMISSIONERDAFOE: I think that was the province of Alberta.

MISS WHITTON: I know that it was one of them, and I thought the same thing might be done in respect to this.

MR. FOWLER: In a matter such as unemployment aid, would the larger unit be spending the money which came from the province?

MISS WHITTON: Yes, we have, in the brief, gone into considerable detail in regard to the administrative aspects of the question.

MR. FOWLER: I really asked that question to lead up to another, and that is, whether that would not run into the very thing about which you were speaking a moment ago, the local man in charge of the matter being under local political influence, and the constant pressure on the local administration which is spending money received from another source?





MISS WHITTON: What we contemplate in the local unit is, that they shall be of three types. There would be a metropolitan district such as Toronto and its contiguous municipalities up to, say, North York, Greater Vancouver, and so on. Then, your county would be a district, and then there would be the territorial unit where you have a large unorganized territory. As it is now, such things as the relief of the unemployed are controlled and administered by the municipal authority which goes to the people each year. For that, we substitute, for that whole area, a board of three, of whom one is nominated by the province, one nominated by the municipality, and the third, who is not an employee but a representative of the citizens' interests.

This board is given employment for three years. I believe it is the same principle as that which works in the appointment of the county commissioner for the poor in Nova Scotia. They are given a period of time for detailed study of the questions. Then, we propose the submission of their budget for the year and that budget to be provided and struck by the municipal authorities. However, once struck, the spending of that rests within the authority of that board. The personnel of this board would be a full-time personnel and would be subject to provincial regulation and standard, just as your school districts are subject to inspection on that basis.

MR. FOWLER: But through their local municipal delegates, I suppose?

MISS WHITTON: Yes, and if the question came up of the estimate not being adequate, then there is provision for arbitration through the provincial welfare board. In the establishment of this provincial board, it is an endeavour to get away from that very point.





Then, if the Dominion were to contribute to that province, the expenditure and the accounting for this money would be in the hands of this board. We contemplate that the local welfare board would be also given the supervision of mothers' allowances, old age pensions, and so on.

This would tie the thing together nicely, and in order to keep up the province's work, we suggest that the Dominion welfare board should be created which should have nine members who would be the chairman of the provincial welfare supervision boards.

MR. FOWLER: That is, as is set out in your brief, is it not?

MISS WHITTON: Yes, that board would be established, largely to act in an advisory capacity. The principle for the function of this board is set forth in the brief in detail. You must realize that we are giving a structural picture of a set up which would take some time to develop. We suggest certain principles which should be applied in the interim. We set up certain principles for Dominion grants-in-aid which would be applicable to grants-in-aid at any time. There is free authority, that is, taxing authority for what you are spending. We set this out in detail on pages 33 and 34 of the printed brief. We believe that these grants-in-aid should not be for one subject and kept to itself. We believe that they should be subject to definite principles and stipulations. We believe that these grants should be weighted. For instance, the British grants from the central authorities are weighted on the number of children under five in the community and the low assessment value of the property which indicates a poor district in the urban areas. These grants are also weighted on the number of people per mile of road; in this



way, you get some idea of the sparsely settled farm districts. They are also weighted on the percentage of unemployed in a district.

If we feel that a factor is important, it should enter into the calculation of the grant-in-aid. The number of people over 65 in a population and the number under five, would indicate, to a large extent, the number of dependants. Such considerations as the assessed value of the land and the nature of the products grown on that land might enter into the calculation, too.

MR. FOWLER: But what determines these grants-in-aid?

MISS WHITTON: We believe that the Dominion welfare supervisory board should make recommendations on that question. The functions of this board are given on pages 27-28 of the printed brief.

COMMISSIONER DAFOE: The Dominion could not give grants-in-aid to any other unit but the province, could it?

MISS WHITTON: No, the Dominion grant-in-aid would go to the province.

MR. FOWLER: Then the Dominion advisory welfare board would determine the grant-in-aid from the Dominion to the province, and would you have a similar board determine the aid from the province to the municipality or local unit?

MISS WHITTON: This local welfare board would send its budget up to the provincial board. Take, for instance, in Great Britain, there are some of the local authorities getting as low as 30 per cent, while others are getting as high as 70 per cent. It is for this reason that we try to get this detached provincial board which would be representative of the municipalities, the department and





the citizens and which would be appointed for a fixed period of time. This board could go into a poor area, say one which was mined out or timbered out, see that area with its unemployed, and the board could make their recommendations after a thorough examination of the question. A grant-in-aid to such a district might mount up to 80 per cent, while in a wealthy, prosperous community, it might be 10 per cent. It is an endeavour to get the system on a trading basis.

Then wherever, because of unusual circumstances, the budget might prove to be inadequate, there would be the provision for the local authority to budget the province. Then, there would be a request to the Dominion board for the Dominion board to act as arbitrator.

THE ACTING CHAIRMAN: This is a question of the machinery which would be used in the operation of the proposal, and that could be worked out in detail later. Perhaps, it would be well to take up the matters mentioned on page seven of your summary.

MISS WHITTON: These submissions are rather miscellaneous in character and are social services relating to child care and protection. In the submissions offered to the Commission, proposals have been advanced for the transfer of mothers' allowances and certain related social services to the Dominion in their entirety. We do not feel that there has been sufficient distinction made in some of those submissions between the dependency of the child under the mothers' allowance and other child care and protection services, which come under the childrens aid society. These services form an integral part of the local welfare services in several provinces. This system is in only eight provinces, but there is a measure coming up in Quebec



which may develop something similar in that province. Incidentally, a similar system was recommended by the Quebec commission on social insurance in 1930. There are over 25,000 communities in the Dominion of Canada; a situation like this is found nowhere else in the world. This county system is a peculiarly Canadian system. This is a system whereby, on a general county basis, bodies of citizens form together to create childrens aid societies, receive a charter and work under provincial supervision. Then, they undertake the supervision, care and protection of the children in that area. When a child must be removed from its own home, it is usually put under the protection of the government by a court order. The court order taxes the municipality in which the child was resident for his maintenance and care until he is 16 years of age.

The other work is preventative work and is what we call non-ward work. A large amount of this work depends on voluntary contributions. The field in which these societies work, it has been suggested, should be taken over entirely by the municipalities and coupled with that the establishment of the necessary employment. Then, as the mothers' allowance and child care became the charge of the Dominion, this might also become the charge of that body, and it is for this reason, that it was included in our submission to this commission. We feel that the submission of 8,000 childrens' aid societies which there are now all over Canada should be considered. This work is being done by voluntary workers and organizations, and approximately \$1,000,000 of private funds go into that work annually. We feel that there should be no change made, as there is no undue burden imposed upon the municipalities or the provincial government. Afterwards,



any aspect of the matter which was deemed of such a character as to warrant it, might be taken over by the municipality or the province. There would be a very heavy burden accrue on public funds in the shifting from the private to public funds. The more important aspect of the matter is the fact that the children, particularly, cannot be vocal on their own behalf. We feel that it is absolutely essential that the system, that is the voluntary system, supervised as it is, should be left in charge of as much of the work as it can do.

Then, in respect to the Dominion-Provincial collaboration on the treatment of the offender. We have made certain detailed submissions because this is a very difficult problem which arises in the courts of lower jurisdiction and which may involve very heavy extra expenditures on dependent families. If these various cases must go through our courts, some method must be found by which the Dominion and the province could collaborate on them. It was for this reason that counsel has already argued the case in reference to the Supreme Court and it is included in this submission for your consideration. We also suggest that there is a particular need for Dominion-Provincial collaboration in caring for the need of youthful offenders between the ages of 16 and 23 or 24. There is a necessity for this, whether it is centralized or not. There is a necessity for a common plan for the treatment of the young offender.

On page 49 of our brief, the whole question of non-residence and migrancy is set out. We endorse the recommendations of the National unemployment commission, and urge that that very difficult question in this country is one which really falls within the scope of this commission.





We ought to try and work out some residence rules which will be applicable to all people who have lost their residence within any one province. For instance, at the present time, there is this situation in Vancouver which is rather unfair to any one province. The present situation is unjust to the province of British Columbia, and many of these men are there. The fact is that there are thousands of men and hundreds of families who have no residence; they have lost their residence. They have spent periods in different municipalities in different provinces. The western provinces have talked about reciprocal measures, in the absence of any regulations for the man who could prove unbroken residence in Canada for ten or fifteen years, but no residence in any one municipality which would establish his claim for help. There is nothing for such a man to do but to go up and down the provinces, these are the people for whom collaboration is needed.

COMMISSIONER DAFOE: Do you make definite suggestions on this question in your brief?

MISS WHITTON: We make definite suggestions on page 49, Dr. Dafoe. We cite the submissions of the National Employment Commission and suggest the Commission should give attention to them. I might say that these submissions call for the recognition of a person holding local residence, where a person has resided for a fixed period of time in a municipality or unorganized area and that their administration be strictly by the province. This should be a provincial responsibility. If a man can be shown to have had his residence in different parts of the same province, it should be a provincial responsibility to care for that man. Reference to this matter brings to my mind a case of a man whom, we have been able to show, for



nine years and up until about 18 months ago, was never out of work for more than a month or six weeks. This man went from Beamsville when the harvest was over to the northern bush country. When the bush work was over he would go to the sawmill and after that he would work bringing in the hay. Then he would work in the fall fairs untill the harvest was ready. He had a wife and one child whom he would park some place and go to these various points. This was a man who, for nine years, had never asked for aid. Then, after that particularly trying period, it was found that he could not establish any residence. Although he could establisg nine years in the province, he could establish no residence in a place from which he could seek help. You have this type of thing and there should be a provincial regulation whereby one could prove provincial residence. Then, so far as interprovincial residence is concerned, you can see that a man is shuttled back and forth. The trouble is that the best man often suffers the hardships. You will have these men who come across the boundary line, but they must be dealt with as immigrants until we get some inspection data. These individuals have been moving about for some time, but now it has become a question of whole families and it is a much more serious question. There is not a private organization in the country which has not had its budget strained by these people. They are not wanderers, they are people who have lost residence.

The province of Nova Scotia has fairly adequate settlement laws which work rather well, but it is hopeless in the absence of reciprocal measures. Manitoba has passed residence legislation, as well as Alberta, but we would desire greater collaboration on this point.





Then there is the question of Dominion-Provincial collaboration upon the provision of shelter. I think it is hardly necessary to go into further detail because on page 50 of the brief our suggestions are set out quite plainly.

The next item is voluntary participation in welfare services. We have included in our brief several pages on this question commencing at page 55. We desire to show there that there should be no possible misunderstanding or impression left that the voluntary work should be entirely surrendered. There is much valuable work being done by these services. The whole field of non-participation is so greatly enlarged that its relative percentage to the whole is less, but on the other hand it would be dangerous to suggest, as one hears so often, that a great part of this might be taken away from private authority. We feel that it is simply a case for partnership between the voluntary and public organizations. These services might follow very well a broad general division, that is, without causing the limitation of private philanthropy. It should not all be left to the private funds because, it is at a time when economic conditions break that needs increase and the source of revenue decreases. In building a social structure one ought to visualize a public service which would provide those things which are absolutely essential to the maintenance of life and leave those things which may contribute to the living of life, to the amenities of life, to the voluntary agencies. We develop several suggestions along that line in the brief, dealing with the general philosophy and the background.

Then, finally, we wish to draw <sup>the</sup> attention of the Commission to the absolute lack of any adequate data on



social work in Canada. We find it very difficult to work out even a philosophy for our work without having any basic data. We know that the social sciences and social work could never be submitted to the same factual extraction as the human sciences, but we can and should have much more than we have. We lay down the constitution of a Dominion committee on social research and we believe it would have to have a representative of the Dominion Bureau of Statistics, a member of the National Research Council, the Canadian Association of Social Workers, the Canadian Welfare Council, which I represent, the Canadian Association of Political and Economic Science and the representative of the Union of Canadian Universities. Then consideration should be given to aid for the research projects which are approved by this committee. However, it is a fact, that social research must be done, to a great extent, on the job. If you are going to study illegitimacy, you cannot do it in a library. You have to make such a study in an agency which is handling 1,000 mothers. You see, that agency tries to raise money for its children and its mothers and cannot get the money. We feel that this is a field in which research projects would be usefull.

Then, there is also greater need for public participation in demonstration. We feel that demonstration must be of an experimental nature and we feel we would like to see for demonstration purposes, the creation of a local welfare unit. For instance, we would strongly urge consideration of demonstration in four or five typical units in different parts of the country. In this manner, over a five year period, with the participation of public and private funds we might attempt to establish



one of these units. This unit would gather information which may become very valuable.

This, Mr. Chairman, concludes our submission which you have before you at considerably greater length. As I said, there are four or five passages in the printed brief which we realize are not quite clear in one or two places. There have been errors in some of the statements, but we shall give you a written memo of those. I wish to thank you for your courtesy and patience in hearing me this afternoon.

THE ACTING CHAIRMAN: I do not know many people who could have made a presentation such as the one which we have heard this afternoon. You have put in it, not only your heart, but your brain. I congratulate you and sincerely thank you for your presentation.

The summary of this brief will be marked as exhibit number 380 A and the printed brief will be marked as exhibit 380 B.

EXHIBIT NO. 380 A: Summary of the  
brief of the  
Canadian Welfare  
Council.

EXHIBIT NO. 380 B: Brief of the  
Canadian Welfare  
Council.

THE ACTING CHAIRMAN: The commission will adjourn until to-morrow morning at 10.30.

(The Commission adjourned at 4.40 p.m., to open  
Thursday, May 26, 1938 at 10.30 a.m.)





ROYAL COMMISSION ON DOMINION PROVINCIAL-RELATIONS

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REPORT OF HEARINGS

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MAY 26

REPORTERS:

George Thompson  
John Robertsen  
David Torry





OTTAWA, ONTARIO, MAY 26, 1938

REPRESENTATIONS BY THE NATIONAL  
COUNCIL OF WOMEN

Page

EVERETT BRISTOL, K.C.

9229-9269

REPRESENTATIONS BY THE HEALTH LEAGUE  
OF CANADA

DR. GORDON BATES

9269-9295

REPRESENTATIONS BY THE COMMISSION ON  
ECONOMIC AND SOCIAL RESEARCH OF THE  
BOARD OF EVANGELISM AND SOCIAL  
SERVICE OF THE UNITED CHURCH  
OF CANADA

REV. J. R. MUTCHMOR

9296-9344

REPRESENTATIONS BY THE CANADIAN LEGION  
OF THE BRITISH EMPIRE SERVICE LEAGUE

COL. C. B. PRICE

9344-9359

---





OTTAWA, ONTARIO, MAY 26, 1938

LIST OF EXHIBITS

	<u>Page</u>
Exhibit 381: Brief of the National Council of Women	9269
Exhibit 382: Brief of Health League of Canada	9295
Exhibit 383: Brief of Board of Evangelical and Social Service of United Church of Canada	9344
Exhibit 384: Pamphlet entitled "Christianizing the Social Order"	9344
Exhibit 385: The report of the Oxford Conference	9344
Exhibit 386: Brief of the Canadian League of the British Empire Service League	9359

---



OTTAWA, ONTARIO, MAY 26, 1938.

TOPICAL INDEX

Page.

<u>BRISTOL, EVERETT, K.C.</u> (Representative of the National Council of Women)	
Introductory remarks	9229
Discrepancies in minimum wage laws of various provinces with respect to women	9230
Desirability of uniform laws with respect to minimum hours and wages	9230
The question of marriage and divorce	9231
Solemnization of marriage a matter of exclusive provincial legislative jurisdiction	9231
Non-recognition of divorce in Quebec	9232
Case of Attorney-General of Alberta and Neilson and Underwood, 1934	9235
Supreme Court of Canada judgment in Marriage Reference Case, 1912	9236
COMMISSIONER ANGUS: Re Privy Council decision in Depatie v. Tremblay	9236
Articles 127, 128 and 129 of the Quebec Civil Code	9237
Judgments of Bruneau, J., and Coderre, J., in cases of mixed marriages	9238 9239
Annulment of a marriage between a Catholic and a Jew by Mr. Justice Coderre in 1934	9245



BRISTOL, EVERETT, K.C. (CONT'D.)

Annulment of a marriage between a Catholic and a Protestant by Mr. Justice Forest in 1935	9245
Judgment of Mr. Justice Forest in the case of Dubois v. Sharpe	9245
That B.N.A. Act be amended so that all Canadian women may demand recognition of marriage status upon solemnization of marriage by a person authorized to perform the marriage ceremony	9248
Mr. Justice Rinfret in the Alberta and Underwood case, 1934	9251
Supreme Court decision in the case of Kerr v. Attorney-General of Ontario, 1934	9253
Excerpt from the book "Marriage in Quebec" by Mr. Levell C. Carroll	9254
Excerpt from an article entitled "Marriage and Divorce" by J.F. Davis-on	9255
COMMISSIONER ANGUS: Re suggested provincial laws requiring medical examination before marriage	9256 9257
Confusion of marriage laws in other countries	9260
Case of Ogden v. Ogden	9260
COMMISSIONER ANGUS: Re non-recognition of annulment of marriage as between one province and another	9261
Quotation from a report on the conflict of laws relating to the formation and dissolution of marriages by Dean Falconbridge of the Ontario Law School	9261





<u>BRISTOL, EVERETT, K.C. (CONT'D.)</u>	<u>Page.</u>
Remarks of Mr. Justice McCardie of the English High Court in the case Gottliffe v. Edelsten	9263
THE ACTING CHAIRMAN: Importance of the problem of conflicting marriage laws	9263
MR. ST. LAURENT: Examination of Mr. Everett	9263 9269
<u>BATES, DR. GORDON (Health League of Canada)</u>	
Introductory remarks	9269
Control of venereal disease; establishment of Federal Department of Health	9269
Burden imposed upon taxpayers by the cost of illness in Canada	9270
Cost of illness in the United States	9271
Cost of illness in the province of Ontario	9271 9272
Preventibility of illness	9273 9274
The question of Diphtheria	9273
Typhoid preventible	9274
Preventibility of tuberculosis	9274
Cancer	9274
Prevalence of venereal disease	9275
International scheme for the control of venereal disease 1930 to 1932	9275 9276
Difficulty of obtain- ing venereal disease statistics	9276
Neglect of the question of rural health	9278
Resolution moved by Mr. Henry Spencer in House of Commons in 1930 re rural health question	9278



BATES, DR. GORDON (CONT'D.)

Health units in the province of Quebec	9279
Bovine tuberculosis	9279
No Dominion-wide pasteurization laws	9280
Periodic health examination	9280
Reference to health matters in Section 91 of the British North America Act	9280A
Resolutions passed at a Conference of provincial Ministers of Health at Ottawa in 1934	9280P- 9280
Publicity carried on by Health League of Canada	9281
The moving picture "Damaged Lives"	9282
Venereal Disease Control for Canada	9284
Venereal disease control in U.S.	9285
Reduction of death rate in Canada	9285
Cases of general paralysis of the insane in Canada	9285
Resuscitation from drowning; the Lobell-Hall respirator	9287

COMMISSIONER MACKAY:  
Re present arrangement whereby responsibility for health falls primarily upon the province

9287

MR. ST. LAURENT:

Examination of  
Dr. Bates

9288-  
9295

MUTCHMOR, REV. J.R., (Secretary of the Commission on Economic and Social Research of the Board of Evangelism and Social Service of the United Church of Canada)

Introductory remarks 9296

Report entitled  
"Christianizing the  
Social Order" 9297





MUTCHMOR, REV. J.R. (CONT'D.)

Inherent worth of human personality	9297
Economic inequalities	9299
That the struggle for industrial freedom in Canada began in 1937	9299
"The National Community a gift from God"	9300
Social security	9300
Voluntary welfare work hampered by increasing incidence of taxation	9301
Recognition of importance of voluntary welfare work in Great Britain	9301
Political pressure in the administration of social security legislation	9302
Sound social security legislation must be based upon knowledge gained through experience	9303
That Old Age Pensions established as a political expediency	9303
Unemployment insurance	9307
Desirability of a constructive plan of co-ordinated contributory social insurance	9308
Findings and recommendations of National Employment Commission	9309
Mutual Benefit Societies, etc., in Great Britain	9311
Government annuities in Canada	9311
Proposed Unemployment Insurance Reserve Fund	9312
Placements made by Employment Service of Canada	9312
Non-partisan National Employment Commission	9313



MUTCHMOP, REV. J.R. (CONT'D.)

Unemployment Aid	9313
Waste in the administration of relief	9314
Geographic character of relief procedures	9315
Findings and recommendations	9315
That financial and administrative functions of unemployment relief be united under one governmental authority	9315 9316
That unemployment relief in major centres be expended through a public welfare division	9316
Municipal relief	9316
Avoidance by wealthy persons of taxation for relief	9317
Recommendations with respect to municipal relief	9318
Farm relief problem	9319
Developments in public relief field during eight year depression period	9319
Further recommendations	9320
Suggestions with respect to the development of a more equitable and efficient plan of intra-governmental finance	9321
COMMISSIONER ANGUS: Re relief schedules	9323
Re suggestion that insurance benefits should be substantially higher than relief schedules	9323- 9324A
Wage reductions during depression periods	9324A
Re statement that "the inequitable distribution of wealth cannot be justified"	9324B



MUTCHMOR, REV. J.R. (CONT'D.)

COMMISSIONER ANGUS:  
Collection of income  
tax at the source 9325

COMMISSIONER MACKAY:  
Assumption by Dominion  
of complete responsib-  
ility for unemployment  
relief 9326

Recommendations of  
National Employment  
Commission 9326

Unemployment difficulties  
in Winnipeg 9327

COMMISSIONER DAFOE:  
Municipal responsibility  
for relief 9327

Welfare areas 9328

Dominion grants for  
relief 9329

Validity of represent-  
ations made by munic-  
ipal units with respect  
to residence qualific-  
ations 9331  
9330

Exceptions made in  
Winnipeg with respect  
to residence qualific-  
ations 9330  
9331

MR. ST. LAURENT: Examination of  
Mr. Mutchmor 9332-  
9344

COMMISSIONER DAFOE:  
Maximum amount of  
government annuities  
purchasable 9339

Municipal borrowings  
for relief 9341  
9343

PRICE, COLONEL C.B. (Captain of the British  
Empire Service League)

Introductory remarks 9344

National unity 9346

Difficulties to be  
surmounted 9347

Difficulty of determin-  
ing contractual rights  
as contemplated by the  
framers of the B.N.A.  
Act 9348





PRICE, COLONEL C.B. (CONT'D.)

Definite objectives of Canadian Legion	9349
Foundation principles of the British Constitution and Ordered Government	9352
Encroachments upon fundamental rights of Canadian citizens	9353
Proposed constitutional amendment ensuring free access to the Courts	9355
Federal power of dis- allowance	9356
Constitutional Develop- ment	9356
That machinery should be available whereby the constitution may be readily subject to change	9357
Recommendations	9357
That Canada should develop as a united nation	9358
Conclusions	9358



## ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

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 OTTAWA, ONTARIO, MAY 26, 1938
 

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The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at The Hearing Room, Board of Railway Commissioners, Ottawa, on Thursday, May 26, 1938, at 10.30 a.m.

PRESENT:

COMMISSIONER JOSEPH SIROIS....THE ACTING CHAIRMAN

JOHN W. DAFOE, Esq.	)	
DR. ROBERT ALEXANDER MacKAY	)	Commissioners
PROFESSOR HENRY FORBES ANGUS	)	

Commission Counsel:

Louis S. St. Laurent, K. C.  
James McGregor Stewart, K. C.

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secretair Francais
R. M. Fowler, Esq.	Legal Secretary to The Chairman
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE NATIONAL COUNCIL OF WOMEN:

Mr. Everett Bristol, K. C.	Representative
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FOR THE HEALTH LEAGUE OF CANADA:

Dr. Gordon Bates	Representative
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FOR THE BOARD OF EVANGELISM AND SOCIAL SERVICE

OF THE UNITED CHURCH OF CANADA:

Rev. J. R. Mutchmor	Representative
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FOR THE CANADIAN LEGION

OF THE BRITISH EMPIRE SERVICE LEAGUE:

Col. C. B. Price	Representative
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Hearing Room, Board of  
Railway Commissioners,  
Ottawa, Ontario,  
May 26, 1938.

MORNING SESSION

The Commission met at 10.30 A.M.

MR. FOWLER: The first brief, Mr. Chairman, is that of the National Council of Women and will be presented by Mr. Everett Bristol, K.C., of Toronto.

MR. EVERETT BRISTOL, K.C.: I feel the lack of support of some of my fair clients who at the moment are engaged in holding their annual convention in Vancouver. And I should say, sir, that I have had very limited opportunity of conferring with them on the subject of this brief, which they themselves have prepared. Not that I would not be happy to take the responsibility for it but I have not that honour.

I happen to be one of the, I think, several honorary solicitors of this body which, as your Commission may know, consists of sixteen nationally organized societies in federation, which are listed in the brief and the names of which I need not repeat, as well as forty-nine federated associations, consisting of local councils in all provinces. The total membership approximates half a million, and the national council and local councils are undenominational and embrace, I believe every creed and every race, practically, that is found in this country.

A number of the submissions in the brief are probably not within the purview of the Commission. I might mention in that regard such matters as the political status of women, their position in the civil service and under the Bankruptcy Act, and so on. But, there are two subjects dealt with in the brief that I think come within the Commission's terms of reference, particularly in relation



to the matter of redistribution of legislative powers. Those are the submissions with regard to minimum wages and hours of labour, and marriage and divorce.

As to the first subject I shall make my remarks exceedingly short because your commission has no doubt had representations from a number of bodies on that subject and I merely point out that the brief presented by the National Council of Women simply indicates certain discrepancies in the various provincial laws on the subject as regards women, and expresses the following points on pages 11 and 12 of the brief, at the foot of page 11:

" (1) Women have to work under a much lower wage scale than men.

(2) The need in Canada of more legislation to protect women in dangerous occupations, and the need of more uniform conditions of industry throughout the provinces - " I think that word should be plural.

(3) A proper enforcement of legislation is necessary in order to protect women in industry. No matter how good legislation may be regarding wages, working conditions, and hours unless there is some means by which a proper enforcement of this legislation can be assured we realize that all statutes are worthless."

I think that I need not dwell on this subject. As I say, your commission undoubtedly received representations from other bodies as to the desirability of uniform laws on the subject of minimum wages and hours. And of course we realize that in view of the decisions of the courts as to the effect of the legislation of 1934 and 1935, any Dominion legislation on the subject would require first an amendment to the B.N.A. Act, and that no doubt may be a subject for the consideration of your Commission.





The question of marriage and divorce. This naturally is a question about which the women of Canada, the National Council of Women representing its membership, are particularly concerned. It goes to the root of the basis of our national life, the home, the family, and therefore is most important to women.

The Council makes no representation or submission as to change in the laws respecting divorce. I make that clear at the start. That is in the legal sense of divorce *à vinculo matrimonii*, that is dissolution of an existing marriage for causes arising, or perhaps arising, subsequent to the marriage, as distinguished from annulment or declarations of nullity whereby marriage is declared to be void by reason of some failure to observe formalities or lack of capacity on the part of one of the parties. The council is, however, particularly concerned in the clarification of the laws relating to marriage and to annulment of marriage. Those laws, I think I may say, are, and have been for a good many years, in a state of some confusion and doubt. Even the most learned legal authors in the provinces disagree on the subject.

I may at this point very usefully read the submission of the council in the brief on the subject, and then go on and discuss very shortly some of the problems that have arisen in the law, relating to the subject. I am referring to page 5 in the brief, "Marriage and Divorce":

" These are matters of exclusive federal legislative jurisdiction. The solemnization of marriage is however a matter of exclusive provincial legislative jurisdiction."

You will remember those provisions of Section 91 and Section 92 of the Act. Marriage and Divorce is contained in Section 91 as a sub-head, those words alone, and in 92 the





words of Sub-section 12 are, "The Solemnization of Marriage in the Province" -- "in the province".

The brief goes on:

" There are now as a result partly of constitutional interpretation and partly of statutory enactment, divorce courts in every province of the Dominion with the exception of the Province of Quebec, in which latter province divorce is not recognized by the Civil Code. Persons domiciled in the Province of Quebec who are desirous of obtaining a divorce, are therefore obliged to attain it by Act of the Parliament of Canada, the only grounds being adultery.

A person domiciled in one of the common law provinces is not barred from applying for a divorce by way of a private bill at Ottawa, but the Senate Divorce Committee, before which all petitions for divorce are heard, does not look with favour upon applications from these provinces as the Committee feels it is sufficiently occupied with the divorces coming from the Province of Quebec. The advantage of seeking a divorce by special Act of Parliament of Canada, instead of before the Council of the applicant's province, is that before the Senate Committee no formal provision is made either for the custody of the children or for alimony although in practice a divorce may be held up until the parties have satisfactorily settled these questions between themselves.

Divorce law as in effect in the different common law provinces is not necessarily the same, since the provinces themselves are not coeval and the law of England is in force in them as of different dates.



" By the B.N.A. Act of 1867 the authority of the Dominion of Canada was made to extend to "Marriage and Divorce", while each Province was given the exclusive right to make laws in relation to the "Solemnization of Marriage with the Province". By Article 129," -- meaning Section 129 of the B.N.A. Act -- "...existing legislation, such as that in the Quebec Civil Code of 1866, was continued in force until repealed or altered by direct and conflicting legislation of the Dominion Parliament."

That is to say, if parliament did not legislate within its field of marriage and divorce as distinguished from the provincial field of solemnization of marriage, that existing legislation in force in the province at the date of Confederation with regard to the question of marriage and divorce continued to apply. In the case of Quebec, of course, the Quebec Civil Code was promulgated in 1866 and the sections dealing with this subject have never been changed since. In the Common Law Provinces, as the brief says, the law of England was introduced at varying times and there have been no legislative enactments by the provinces, because they cannot legislate with regard to a subject that is exclusively assigned to the Dominion. So that the law of England as introduced in these provinces at varying times is the law relating to marriage and divorce, until such time as the Dominion steps into the field and legislates. The Dominion, as the brief says, has shown distinct reluctance to step into that field at all and the only legislation that it has passed on this point of marriage, not divorce, is this one section of the revised statutes of 1906 where it stated the marriage is not invalid merely because the woman is a sister of the deceased wife or daughter of a sister of the deceased wife. That was subsequently added to, to include the brother of the deceased husband, son of the brother of the deceased husband.





But, that is the extent of the Dominion legislation on the subject of marriage. So that the laws as existing in the provinces, or as in force in the provinces at the time they came into Confederation is the law on the question of marriage, as distinguished from solemnization of marriage.

The brief goes on:

" The Provinces may enact conditions as to solemnization which may affect the validity of the Marriage."

That is the result of the decision of the Privy Council in the Marriage Reference Case. In other words, the Privy Council said there that notwithstanding the interpretation which has been usually given to the two sections, 91 and 92, that this was a case where it was obviously intended that something should be carved out of the powers given to the Dominion in Section 91 under the word "Marriage", and left to the provinces which may add to that "Solemnization of Marriage," and considering the conditions that existed at the time of Confederation, it was in their Lordship's opinion clear that the provinces could attach conditions to solemnization which would affect the validity of a marriage, that it was not merely a case of their providing a penalty for breach of the formalities, in other words, a fine or imprisonment for an unauthorized person celebrating a marriage or a fine or imprisonment for a person entering marriage without the necessary dispensation license or consent, but that the province might enact conditions relating to the solemnization of marriage within the province, which would affect the validity of the marriage and therefore subject it to annulment as distinguished from divorce.

The brief goes on:

" 'Solemnization' includes the officer, form of ceremony, publicity required, and form of evidence.



But a province cannot deny validity to a marriage celebrated in another province according to its law."

The authorities cited there may support that proposition but I think it is decidedly doubtful whether they would, at least by one justice in the province of Quebec who held it to be a good proposition having regard to the fact that a marriage contracted in the United States between two persons domiciled in the province of Quebec was set aside in the province of Quebec. The same thing might happen if that marriage were celebrated in Ontario. It was valid according to the law in the place where it was celebrated but there were other conditions which entered into the case.

The brief goes on:

" Nor can it now legislate -- that is, the province -- nor can the province now legislate with regard to inherent capacity to contract marriage, "

I think that is probably admitted as far as the legal decisions to the Supreme Court of Canada go.

"..but it may with regard to consent precedent to marriage."

That is a correct statement, as the Supreme Court of Canada have held in the comparatively recent case of Attorney-General of Alberta and Neilson in 1934, Neilson and Underwood.

" Since Confederation the Dominion has only acted to validate a marriage with a sister or neice of a deceased wife or brother or nephew of a deceased husband, but many provincial statutes in force are such that the provinces would now be unable to enact or change as falling within the exclusive Dominion power."



I have dealt with that subject. It is only the law that was in force at the time of confederation in the case of those provinces then existing that has effect with regard to marriage and divorce, and only so long as the Dominion does not enter the field.

" Thus those in the Quebec Civil Code merely exist as unrepealed pre-Confederation law, and have not been changed since enactment.

In 1912 the Supreme Court of Canada held in the Marriage Reference Case that the marriage of two Roman Catholics or a Roman Catholic to a Protestant before other than a Roman Catholic priest, was valid. The Privy Council in the same case however held that the Dominion Parliament lacked power to pass a law declaring such marriages binding."

And did not deal with the second question which the Supreme Court had answered, as indicated, because they felt it was not necessary to the case.

In 1921 the Privy Council in *Depatie v. Tromblay* which was a case of two Roman Catholics who were married in a Roman Catholic Church in Quebec; the Bishop of the diocese having decreed that according to the canon law the marriage was void because the parties were cousins in the fourth degree and had not obtained a dispensation. The civil court of Quebec set aside the marriage, following the canon law in that respect, and that judgment was upheld by the Court of Review but reversed by the Privy Council, which said, as indicated in the brief, that the provision in the code in that respect and religious impediment was not something that affected the validity of the marriage, but only went to the consent of the parties entering into it.

COMMISSIONER ANGUS: Did that Privy Council decision turn on the interpretation of the law of Quebec or on a matter of jurisdiction?





MR. BRISTOL: No, it turned on the interpretation of the law of Quebec, Professor Angus. Lord Moulton discussed in that judgment very fully all the laws of Quebec and the historical background of it as well.

The section, I need not discuss that just at this moment; I am perhaps coming to that later. Article 127 of the Quebec Code is in the following terms -- this is in a chapter relating to the quality and capacity of the persons entering into matrimony, and it says in the English translation:

" The other impediments recognized according to the different religious persuasions, as resulting from relationship or affinity or from other causes, remain subject to the rules hitherto followed in the different churches and religious communities. The right, likewise, of granting dispensations from such impediments appertains, as heretofore, to those who have hitherto enjoyed it."

Sections 128 and 129 deal with the solemnization of marriage and 128 is this:

" Marriage must be solemnized openly, by a competent officer recognized by law."

Section 129:

" All priests, rectors, ministers and other officers authorized by law to keep registers of acts of civil status, are competent to solemnize marriage."

In the Depatie Case those articles and their history were discussed very fully by the Lords of the Privy Council and Lord Moulton referring to section 127, said:

" The intention and effect of this Article was to leave the law as to the effect of the impediments to which it refers entirely unchanged."

And then, after discussing the history of it and the other sections he goes on to say:



" It is impossible to give to it the effect of prohibiting marriage between any two persons who were, according to English law, free to marry. It has no bearing on any inherent incapacity of the parties to contract a valid marriage but only preserves the right of each religious communion to recognize the impediments which exist according to its faith, and justifies the refusal of a minister of that communion to solemnize any marriage which offended against its rules."

That decision, however, has not been followed by at least one of the justices of the Quebec Superior Court, who, possibly for a very good reason of his own, feels that the whole question should be dealt with by legislation, and has, in his judgments on the subject, repeatedly urged that it should be, and no doubt has that objection in view to some extent in adhering to his own opinion, regardless of the judgment of the highest court of the Empire.

There are, of course, numerous examples -- I should not say numerous, but several examples of that. Before the Depatie Case there were a number of declarations of annulity by Quebec Courts, in the case of mixed marriages, and after it likewise.

For instance, Mr. Justice Bruneau in 1923 held that a marriage celebrated at Montreal before the head of the Greek Orthodox Church, between a Greek Catholic man and a Roman Catholic woman, without publicity and publication of banns, and contrary to the decree of the Roman Catholic Church, was void because of defect in form. I think possibly that decision would be supported, and was supported, on the ground that the Archimandrite of the Greek Church had not been properly authorized, under Section 128 which I read to the Board, to maintain a register of Acts of Civil Status.





In 1927 Mr. Justice Coderre annulled a marriage between two professing Catholics before a Protestant minister at Montreal, the marriage having already been voided according to the canon law by the church authorities. That was reversed on review. But, Mr. Justice Coderre on January 19, 1928, annulled a marriage on the ground that the protestant, one of the parties being a protestant the other a Catholic, the Protestant had not kept his promise to have the marriage re-performed in a Catholic Church. Presumably there it went on the decision, possibly an attempt to be supported on the ground of real consent on the part of the woman to sign having been induced by fraudulent or false representations, which ground of course would not be given effect to in the common law provinces.

The matter came clearly before the Privy Council in 1929 where they were called upon to decide the validity. That is the case I have already referred to.

(Page 9245 follows)



Then in 1934, Mr. Justice Corderre annulled a marriage between a Catholic and a Jew before an Anglican minister, on the ground that the defendant has promised the plaintiff before their marriage that their union would also be celebrated by a priest of the Roman Catholic Church, and without this promise the plaintiff would not have given her consent, and the defendant has never carried out his promise and refused its fulfilment.

In 1935, Mr. Justice Forest annulled a marriage between a Catholic and a Protestant before a Protestant minister on the ground that the defendant had represented she was a Protestant. She was a minor and the consent of parents had not been secured; banns had not been published or dispensation secured.

Finally, in July of 1934, Mr. Justice Forest, in the case of Dubois v. Sharpe, refused to follow the Privy Council's decision in Despatie v. Tremblay, and annulled a marriage between a Catholic and an Anglican before a Presbyterian minister, which had already been annulled by the Catholic Diocese on the grounds of cannon law. He used these words:

"To give effect to the Privy Council would be to outrage the conscience and the free exercise of the religion of Catholics, in keeping the latter in a state of sin and preventing them from correcting a fault according to their conscience and the prescriptions of their Church. Since 1848 the civil jurisdiction of our tribunals has always been subordinate to the ecclesiastical jurisdiction relative to marriage. By Catholic law a Catholic married to a Protestant before a functionary who is not a priest, lives in concubinage, in a state of adultery, is excommunicated, excluded from the



"sacraments and may not be buried in a Catholic cemetery."

He also discussed in detail the historical background of the Quebec law. He adheres strongly to the views held by the late Mr. Justice Mignault, when he was acting as counsel for a party in the marriage reference case that under the treaty of 1763 and the Quebec Act of 1774, the rights of the inhabitant of Quebec to practise and profess their own religion was preserved. The body of that treaty and the Act of 1774, in effect, gave Quebec the right and power to prescribe and adhere to the canon law to which effect was given before that time.

In 1935, Mr. Justice Fortier, annulled a marriage because of lack of consent of parents. The woman was a methodist and the man, an Anglican and the Methodist Church in its canon law forbade mixed marriages. The husband had said that he worked in a railway, but in reality, he was a mere gambler.

The Superior Court in 1935, annulled a marriage on demand of the girl's father, as she was a minor and had not obtained his consent. The girl was of the Jewish religion, the man a Roman Catholic, and they had been married before a Protestant Minister.

Mr. Justice Curran, in October of 1935 held contrary views to those of Mr. Justice Forest on marriage. He held that the marriage of a Catholic and Protestant before a Protestant minister is valid. Mr. Justice Forest, again, in 1935, annulled a marriage between two Catholics on the ground that the officiating officer was a Protestant minister, although a license had been obtained under the Quebec law from the proper officer. He again discussed the law given in the Tremblay case and the history of the





law. He says;

"The Court, in the face of the French Ordonnances, the treaties, the Civil Code and the constant jurisprudence, which conforms to our constitution, cannot accept the decision of the highest court of the Empire which took no account of the French laws which regulated Catholics in this province before the cession of Canada to England, as to do so would do violence to the free exercise of the religion of Catholics in holding them in a state of sin, in preventing them from redeeming a fault which was repugnant to their conscience and to the teachings of their church."

In 1935, Chief Justice Greenshields refused to annul a marriage merely because the wife had been led into error by the husband who had stated that he was a Protestant and in fact was a Catholic. The wife, who was a Protestant, had also alleged her marriage to the Catholic was void because it was celebrated by a Protestant minister.

In 1936, Mr. Justice Forest, annulled a marriage between two Catholics, domiciled in Quebec, and performed by a Justice of the Peace in the State of New York. Such a case as this might occur in Canada, if, instead of going to New York, the two young Catholics had gone to the province of Ontario and had been married according to the laws of Ontario. Presumably, Mr. Justice Forest would have concluded in the same way, that the marriage was void because it was not in accordance with the canon law, not having been performed in accordance with the principles of the Roman Catholic Church.

These are examples which I desire to lay before this commission. In Quebec, quite a number, not quite a number,



but a few of these marriages have been annulled.

Quoting from page six of the brief:

"In Quebec a marriage, even though annulled, is considered by Articles 163-4 of the Civic Code to be a Putative marriage if one of the parties contracted in good faith, and, as such, produces civil effects in favour of the party in good faith and the children, issue of the marriage. Despite this fact, when the wife and children go to reside in another province after annulment, the inclination has been to consider such children as illegitimate--"

The words, "and the wife" are left out at that point.

Continuing:

"--and as unmarried, although by Quebec law they are legitimate, have a right to support, and to succeed their parents, etc. It is therefore expedient that the legal position of such women and their children be placed beyond cavil.

It is resolved, therefore, "That (we) the National Council of Women of Canada ask that the B.N.A. Act be amended so that women throughout all parts of Canada may demand complete recognition of the full marriage status upon the solemnization of a marriage by a person who has been duly authorized to perform the marriage ceremony."

COMMISSIONER ANGUS: Is that resolution to be considered in the light of what has just been said? It can be taken to mean the annulment of any marriage, can it not?

MR. BRISTOL: I do not think that is what it means. My interpretation of the resolution, which I had no hand in drawing up, is this: what the National Council of





Women desires is that the law be so clarified, and that they say can only be done by amendment to the B.N.A. Act, so that a women may know that a ceremony of marriage properly performed in any province, in accordance with the law of that province as to solemnization and formalities, would not be subject to annulment by reason of any impediment imposed by the religion of one of the parties or by reason of any minor technicality when the parties acted in good faith. I do not think the Council of Women wishes to suggest that the law as expounded by the Privy Council, would prevent a province attaching conditions to the validity of a marriage, that is, the Council does not desire this provincial power to be limited. In fact, I should think that I am expressing the Council's views when I say that if the province of Quebec, for instance, wished to authorize priests, rectors, ministers or other officers of the various religions to marry only the people of their own creed, I believe that would be perfectly satisfactory to the Council and to the rest of Canada. There would have to be provided, however, a provision in the laws of Quebec for the marriage before some other official, such as the Civil Registrar, for people who were not Christians at all, such as the Chinese or Athiests who may reside in that province. So long as the law is in the unsatisfactory condition in which it is now, where there is a limitation on the power of Protestant clergymen, for instance, to marry two Catholics, subject to their being of age, or having the consent of their parents, or other limitations of capacity under the law as it is established in the Tremblay decision there is bound to be confusion and irritation arise. This is a most unfortunate condition. It is undoubtedly a cause



of friction between the provinces and is one of the things tending towards disunity, which we all so much deplore.

What I would say the National Council of Women in Canada wish, is that the present confusion and unsatisfactory state of the law be clarified as to the respective field of legislation. When that is done, then the Dominion could proceed to legislate within its own field for the whole of Canada. I think I am right in saying that the Council feels that that can be done without trespassing upon the rights of any province to legislate as to the formalities to be observed, which are necessary to validate any marriage performed within that province. For instance, a great many of the common law provinces have provision for the consent of the parents before the marriage of minors or people under eighteen years of age. The province of Ontario has a provision that was to be a condition preceding the marriage, otherwise the marriage would be annulled. This was repealed after opinion was expressed by the judges doubting the authority of the province to pass it. The Privy Council, in the case to which I have referred you in 1934, the Attorney-General of Alberta, *W. Neilson and Underwood*. Another case in the same year was that of *Kerr v. Kerr* and the Attorney-General for Ontario. The Attorney-General appeared to uphold the power of the province to establish the conditions, a breach of which might invalidate a marriage performed within the borders of the province. There is an important feature there; it only invalidates the marriage performed within this province.

Under the terms of section 12 of section 92 of the B.N.A. Act, it does not affect the capacity or power of the government in their own community. Parties could go into another province where those formalities may not



be in effect, and get married there.

Then, Mr. Justice Rinfret said, in the Alberta and Underwood case, in 1934, in the Supreme Court Reports at page 639:

"The whole question depends upon the distinction to be made between the formalities of the ceremony of marriage and the status or capacity required to contract marriage. Solemnization of marriage is not confined to the ceremony itself. It legitimately includes the various steps or preliminaries leading to it. The statute of Alberta, in its essence, deals with those steps or preliminaries in that province. It is only territorial. It applies only to marriages solemnized in Alberta and it prescribes the formalities by which the ceremony of marriage shall be celebrated in that province (Brook v. Brook(1)). It does not pretend to deprive minors domiciled in Alberta of the capacity to marry outside the province without the consent of their parents. Moreover it requires that consent only under certain conditions and it is not directed to the question of personal status."

In other words, it does not attempt to legislate as to the capacity of the person, which is within Dominion jurisdiction alone.

"Under the circumstances, the parental consent is a requirement similar in quality to the other requirements concerning the banns or the marriage licenses. It is one of the forms to be complied with for the marriage ceremony, and it does not relate to capacity."





" It is a requirement which a provincial legislature may competently prescribe in the exercise of its jurisdiction in relation to the solemnization of marriage in the province and to which it may 'attach the consequence of invalidity absolutely or conditionally.'"

And at page 641 of the judgment:

"It must be further understood that our judgment does not express any view as to the competency of the Dominion in the exercise of its proper authority, to legislate in relation to the capacity to marry of persons domiciled in Canada. In the absence of legislation by the Dominion, that question does not arise here and is fully reserved. All that we decide in regard to it is that the Dominion legislation, as it stands, does not affect the present case."

This points to one of the reasons why the whole situation should be clarified without waiting for the Dominion to act. It has not acted since Confederation. It is a delicate subject for the Dominion to embark upon and it is a matter upon which the basic laws should be clarified first. We believe that your commission or another commission appointed, perhaps, by the government on your recommendation, should study this whole question and make recommendations as to the clarification of the law, so we may avoid, not only the unfortunate consequences of mixed marriages which are held valid in one province and invalid in another, but the social scandal of a woman being a wife in one province and not in another. This careful reservation by Mr. Justice Rinfret, speaking for the whole court in that case, is characteristic of the



attitude of the court and shows what is in the mind of the court . There is still something to be argued and clarified. What are the powers of the Dominion with regard to capacity, and what are the limits of capacity? Where does capacity trench on formality. For instance, in the case of *Kerr v. Attorney-General of Ontario*, also in 1934, the Supreme Court decision read by Mr. Chief Justice Duff, at page 75(S.C.R.) said:

"the authority of the provinces extend not only to prescribing such formality as may properly fall within 'solemnization by marriage'; they have the power to enforce the rules laid down by penalty by attaching the consequence of invalidity and by attaching such consequences absolutely or conditionally.....This, of course, is always subject to the observation that the province cannot under the form of dealing with 'solemnization of marriage' enact legislation which in substance relates to some part of the subject of marriage which is not reserved to the provinces as a subject of legislative jurisdiction. I must not be misunderstood as expressing the view that it would not be competent to the Dominion....to deprive minors domiciled in Canada of the capacity to marry without the consent of their parents. No such question arises here and it is quite unnecessary to pass an opinion on it."

He is not expressing the opinion, but he is indicating, I think, that in his view it would be competent for the Dominion, for instance, in legislation with regard to capacity, to deprive minors in Canada of the capacity to marry without the consent of their parents.





If it would legislate in that respect, the question might very well arise, how would that conflict with what the Supreme Court hold to be within the power of the province, namely, to say that marriage within the province between minors or where one minor is concerned, without consent of the parents is a breach of formality? You would have a conflict between the two. In other words, the state of our law at the present time is undoubtedly confusing. I respectfully submit that this is a source of irritation between the provinces and a matter which touches, undoubtedly, near the home in this country and the whole of our national life.

I quote from a Quebec lawyer, Mr. Lovell C. Carroll, of the Montreal bar who has written a book entitled, "Marriage in Quebec". I quote from the preface of this book:

"The contract and sacrament of human marriage is the most important institution of civilized life and, as such, it is most essential that a marriage from a civil point of view will satisfy those legal requirements which will make of it a judicial contract beyond attack and cavil. For if a marriage, once contracted can be easily attacked and voided through annulment because of impediment or the non-satisfaction of legal conditions as to form and celebration, then its value, together with the sanctity and recognition accorded it in human relations, deteriorates until it tends to be regarded as a fiction or convenience which can be set aside almost at will. The monstrous effect such an outlook has on modern society cannot be overestimated. From being the bulwark of all



"that is fine and worth while in modern life it may become the tool of all that is licentious and the encouragement of still further decadence in a society which is already facing a struggle to keep moral values from sinking into a morass of a commercialized and material struggle to exist."

Examples are those cases to which I referred. Some of these mixed marriages are obviously entered into for ulterior purposes and then, in a short time, one or other of the parties comes into court.

"The law itself is not clear and definite; on many questions doubt exists. One predominant question arises which strikes at the very basis of the institution; do the religious impediments individual to each church have a sanction in civil law and prevent a marriage celebrated contrary to such impediments from being valid, or do only those impediments and rules sanctioned by the civil law apply, and no others? Both sides of the question are outlined with, it is hoped, impartiality and completeness."

You see the same remarks as to the confusion and desirability of clarification in the writings, I think, of nearly every legal writer on this subject. I quote just one other article written by Mr. J. F. Davison, which appeared in the Canadian Bar Review, volume 5, page 654. It was an article entitled, "Marriage and Divorce".

"The rules of private international law, sometimes called Conflict of Laws, which deal with the validity of marriage, are confused and inconsistent. Therefore it is not surprising that the



"problems arising in the division of the legislative field, as partitioned by the British North America Act, should be particularly complex in the case of Marriage and Divorce. To the Dominion is assigned the subject of Marriage and Divorce, and to the provinces, the solemnization of marriage-----"

The international situation in this regard is complicated enough, but in addition to the complexity of international law, there is this complexity as between sovereign states.

"The provincial legislatures also deal with Civil Rights within the provinces. Thus they impinge on the Dominion's sphere in a dual manner."

I need not go further with the quotation, but the article goes on to discuss, in detail, the problem of the marriage of minors without the consent of parents. He criticizes the judgements then existing, which were before this Supreme Court decision of 1934 to which I have referred. He expresses the view that it is not open to the province to impose, as a condition of validity, the consent of parents before the marriage ceremony is performed. This is only one of the features of the article, but it goes to show the differences of opinion, between learned lawyers on the different branches of this subject.

COMMISSIONER ANGUS: Have you given any consideration to the effect of this recommendation--supposing some province were to require, for instance, a medical examination before marriage?

MR. BRISTOL: Yes, Commissioner Angus, provided that were limited to marriages performed within the province, I





see no objection to it.

COMMISSIONER ANGUS: Your proposal would mean that if the provinces forbade marriages unless there was first a medical examination, the two parties could be married in the next province, come back, and their marriage would be unattackable?

MR. BRISTOL: Yes, that is exactly the position, unless the Dominion enacted some provisions as to capacity which meant that person was incapable of entering into matrimony unless he or she passed a medical examination. The provincial enactment only applies to a marriage performed within the province. A person could go outside the province, marry, and return, without incurring any penalty. I see no objection to that. As I say, if Quebec wishes to say that any priest, rector or clergyman, can perform a marriage ceremony only for his own flock congregation, and so forth, that is quite all right. Such a matter, we say, is purely a provincial matter. As I say, all Quebec would have to do in that case, would be to make some provision for the non-Christian, the Atheist, or the people who did not follow any religious sect. Under the present circumstances in Quebec, I should think-- I hesitate to speak, not being a native of that province or being a member of the bar of that province--there might be some hesitancy on the part of the province of Quebec to alter in one iota what they have, until the basic law is clarified. They know that the power of altering the law existed before Confederation, in relation to marriage as distinct from the solemnization of marriage. Until the Dominion steps into the field of marriage, that Quebec law, that is the pre-Confederation law does exist, and I quite understand that they would hesitate to touch their marriage laws in any respect. I think the whole situation



should be clarified with respect to the powers of the Dominion and the provinces. The Dominion could then legislate within its own field.

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I think that without affecting the compact of Confederation in anyway but simply by means of a clarifying amendment to the B.N.A. Act doubts will be removed and this unfortunate situation put at rest. I close by pointing out that the confusion of marriage laws is not entirely confined to this country. We have situations in England as between England and foreign countries, which are as analogous and curious as you could find anywhere. One of those is a situation that might arise in this country, and that is, the rather notorious case of Ogden vs Ogden, where a domiciled English woman married a domiciled French man, domiciled in France. They were married in England according to the laws of the English Church. Subsequently he applied to the French Courts for a decree of annulment and the marriage was annulled by the Courts in France on the ground he had not the consent of his parents, and being under age the marriage was void according to the laws of France, and the marriage was annulled according to the laws of France. He then married again, a French woman; His first wife, the English woman then brought action for divorce on the grounds of adultery and desertion, - proved he had married another woman and proved he was living with her in France. The English Courts made their invariable ruling that a person seeking divorce must be governed according to the laws of domicile, that the domicile of the wife is always that of the husband and that she must apply for divorce in France, that they had no jurisdiction. Her case was dismissed. She then went through a form of marriage with an English man who, after several years, brought an action in the English Courts for annulment of the marriage on the grounds that she had not been divorced and was still married according to English Law, and the English Courts annulled that marriage. Well, here was a woman who could get no relief under the laws of England. She was still married according to English Laws, and not a



wife according to the French Laws, and she could not legally marry again. That is a situation that might conceivably happen - I trust it will not - between some of the provinces of Canada under existing laws and interpretation of those laws.

COMMISSIONER ANGUS: Do you mean as between one province and another, an annulment of marriage might not be recognized? That annulment in France was not valid in England?

MR. BRISTOL: The annulment in France was held to be not valid in England because the English Courts said the consent of the parent or guardian was a mere matter of formality.

COMMISSIONER ANGUS: And therefore the English Law should apply.

MR. BRISTOL: Yes, that the English Law applied to annulment, and the law of domicile is the law that governs when seeking annulment. But it is a question of capacity.

COMMISSIONER ANGUS: You say that situation with regard to the conflict of laws and the question as to who has jurisdiction might arise in Canadian Provinces?

MR. BRISTOL: Well, it might, and according to Mr. Falconbridge, the Dean of the Ontario Law School at Osgoode Hall, and a great student of this subject and of conflict of laws generally, explains that as a case that might conceivably occur here. He discussed the case of Ogden vs Ogden, - I am reading from an annotation in 1932, 4 Dominion Law Reports, page 35, a reprint of part of a report made by Dean Falconbridge on the conflict of laws relating to the formation and dissolution of marriage prepared for the International Congress of Comparative Law held at The Hague in 1932. After dealing with the case of Ogden vs Ogden and another case of Simonin vs Mallac, where two



French people being cousins of a degree which prohibited them, according to the Laws of France from marrying, came to England and married, he goes on to say;

"The matters just discussed are of especial interest in Canada because some of the situations which have arisen between France (or some other foreign country) and England have also arisen between Quebec and Ontario. The Law of Quebec as to marriage and causes for annulment of marriage resembles the law of France in some respects, and it frequently happens that a marriage is annulled in Quebec (for example, because of lack of consent of parents) in circumstances in which a similar marriage would not be annulled in Ontario. If the view stated above is right, namely, that in situations such as occurred in *Simonin v. Mallac* and *Ogden v. Ogden* an English court would now recognize the French decrees of nullity, the adoption by an Ontario court of the same attitude towards Quebec decrees of nullity would avoid in some cases at least the scandal of parties being regarded as married in Ontario, but not married in Quebec. There would remain some cases, however, in which on the principles already discussed there would be no solution of the conflict between the laws of the two provinces."

That, I think, is a true statement of the situation, and I would just like to close my remarks in my submissions to the Board by requesting that this question be studied most carefully either by this Board or by another Commission especially appointed for the purpose so that the basic law may be clarified without necessarily trespassing on the rights of any province, to control all formalities and con-





ditions relating to a valid marriage within that province, but so as to give certainty to a marriage once performed legally and validly by a person duly qualified to perform it. I will close as I say, by reading the cogent remarks of the late Mr. Justice McCardie of the English High Court, in *Gottliffe v Edelston*, 1930, 2 K.B. page 378, at page 392, on some of the difficulties in relation to conflict of the marriage laws of England and foreign countries.

"At every point of research, on every aspect of the case I find nothing but confusion, obscurity and inconsistency. I hope that the day is not far distant when the vital far-reaching relationship of husband and wife will receive the attention of Parliament. When that day comes I trust that the present features of injustice will be removed, the existing obscurities will be made clear and that this great institution of marriage will gain a new dignity and a new strength through a wise and beneficent amendment of the Law."

I do not think I can add anything to those remarks, and I thank you, Mr. Chairman and Gentlemen, for the privilege of appearing here.

THE ACTING CHAIRMAN: I think you have raised a very important question, but you will have to first convince us that we have jurisdiction in this matter, and with respect to your hope that a Commission might be appointed specially charged with the study of this question. Have you any questions Mr. St. Laurent?

MR. ST. LAURENT: Yes, just two or three questions.

BY MR. ST. LAURENT: Q. I understand that the National Council of Women make these recommendations on the ground of promoting greater unity or removing causes of conflict between various groups of the Canadian population. Of course,



I suppose it is a fact that there are many more people who take keen interest in this subject than there are unfortunates who get into the predicament that the Courts have to deal with?

A. I have no doubt that is true, but in the present state of the laws I imagine there are a great many cases which do not go to the Courts because of the great expense involved.

Q. Now, of course, the National Council recognize - and I think you have so stated - that the laws in force in the various provinces are not merely such laws as have been enacted by provincial legislation since Confederation? A. No.

Q. There is a substantial body of law which was passed prior to Confederation, and with respect to one of the provinces a large body of that had been put into writing to conform to a code that was in force? A. Yes, relating to this subject.

Q. And with respect to marriage, there are some portions of that code that would, in fact, be under the B.N.A. Act within Federal jurisdiction, and some portions that would still be within provincial jurisdiction? A. Yes.

Q. Do you think that it would be really promoting harmony between all the groups if Parliament were to deal with that portion which is within its jurisdiction in a uniform way for the whole country? A. Yes, I think within the limits of the question of capacity it might be most desirable. That is only my own personal opinion and, as I say, my clients, the National Council, are only seeking to have this question explored, - not to be the subject of dispute in the House or the cause of broadsides as happened now on every occasion when the question arises in the newspapers, but in the way of an interprovincial discussion, a friendly one, and some solution that would be satisfactory to all provinces.





Q. Take, for instance, the matter that is referred to in your brief, the recognition of civil effect to putative marriages under Quebec Law, and the refusal of such recognition to such marriages in other provinces. Might it not be a cause of additional friction if Parliament were to say to Quebec well, you can no longer give civil effect to putative marriages or, on the other hand, say to a common law province we will make you give effect to putative marriages?

A. I have no suggestion that that field should be invaded. I think the National Council of Women in referring to the effect of the putative marriages in Quebec, do so with a certain amount of gratitude to Quebec that the effects of legitimacy and succession are given consideration.

Q. But that is one of the problems that is pointed out, although under Quebec Law an innocent party contracting an invalid marriage in good faith would have the civil status of marriage and legitimacy for his or her children, and that that would not be recognized outside the Province of Quebec, if they went to live elsewhere?

A. Chiefly, that the woman would not be recognized - it would be considered that where a married woman is deserted by her husband, an annulment, in other words, would not be recognized in Ontario or other provinces.

Q. But if the annulment were recognized as having been validly made the children would be regarded as legitimate children?

A. They would not in Ontario, if the marriage were annulled. They do not, in Ontario, have the benefit of the more generous Quebec Laws in that respect.

Q. But as to whether they should or should not have it is also a matter of concern to the various sections of Canada, and one can very easily appreciate that in some



sections the feeling would be that they should not have the status of legitimate children? A. Yes.

Q. Well, would not interference by Parliament in that matter tend to create more friction? A. Yes, it might, and I would not suggest that Parliament should interfere, and I am quite sure Parliament would not interfere. It is a matter, I think, that they would very well leave to the provinces.

Q. With respect to this question of capacity, you no doubt know that this Quebec Law which was in force declares in expressed terms that the inhabitant of Lower Canada so long as he retains his domicile therein is governed, even when absent, by those laws respecting the status and capacity of persons? A. Yes.

Q. And that, of course, may be something that Parliament could deal with in respect to marriage but has not dealt with, and it is still the Law of Quebec. A lot of countries refuse to recognize divorce, for example, pronounced by courts in countries where the parties were not domiciled?

A. Yes.

Q. Well, is not that somewhat similar? A. I would say not. I am glad to say we have a very large and industrious French-Canadian population in Ontario. They originally came from the Province of Quebec, immigrated to Ontario, many of them, but I think Ontario has done very much - - -

Q. No, I mean the question of domicile, so long as a person retains his domicile? A. Suppose they have not reached the point of having actually changed their domicile, have gone there temporarily and stayed six months or a year and contracted a marriage there, I think that that might raise a very serious question.

Q. There are very serious difficulties even between sover-



oign states in respect to these matters? A. Yes.

Q. And would it tend to remove them at this time to suggest that there should be one uniform rule proscribed by one central Parliament to apply over the whole area? A. Well, I do not think that is what I was suggesting, and I have not attempted to make any specific recommendation as to how the Dominion should occupy this field. That is not for me to suggest. But again I say it is a matter of exploring the whole situation in a friendly way with the idea of removing the cause of friction and giving assurance to men and women that they are validly married.

Q. If the situation appears to be such that different rules should obtain in one section from those obtaining in another, would it not be because of friction to attempt to legislate in that manner, by a central body? A. I should not necessarily think so, so long as Quebec continued as it does now to recognize that the Law of the Dominion governs the validity of marriage, each province therefore to make its own laws in regard to the celebration of marriage within that province, and the people residing there, if they do not like those laws, can go elsewhere. But I do not think that legislation by the Dominion on the question would necessarily cause friction.

Q. You mentioned the possibility of friction between Quebec and the other provinces. Of course, there is more cause for possible differences there, but I understood from some of the material you have put before the Board that there may be also differences between one common law province and another common law province? A. Yes, because of the fact the common law was introduced into those provinces at different periods, and they have no right now to treat it as law.





Q. Now, there is a suggestion with respect to Quebec, that the only manner in which divorce can be pronounced is by a special Act of the Dominion Parliament, which is, of course, correct, and the Senate Committee make no formal provision for the custody of the children or for alimony, although in practice a divorce may be held up until the parties have satisfactorily settled these questions between themselves.

Can you suggest in respect to Quebec how that could be done?

A. No, there is no recommendation here, and I understand there is no recommendation from the Council that anything should be done in connection with Quebec. As I say, the brief is not my own.

Q. Another serious question arises there because under Quebec Law no change can be made to the matrimonial commitments while the marriage exists, and it exists until the divorce is pronounced, and anything that may be done before it was pronounced in that respect would be null and void?

A. Yes, quite. The brief does not make a suggestion or recommendation in that respect.

Q. In the brief there is this sentence; "But the province cannot deny validity to a marriage celebrated in another province according to its law."

Of course, it is not suggested that provincial courts have not jurisdiction over parties within their territory; to examine into the validity of a marriage that they entered into elsewhere they would have to do it by comparing it with the provisions of the law at the place where the marriage was celebrated, but there is no suggestion that the courts of one province should not examine a marriage celebrated elsewhere?

A. No, I make a declaration covering it, - it is the Law of the place where they reside that applies.

Q. Well then, the substance of the recommendation is that there are serious difficulties even between sovereign states,

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perhaps even greater difficulties, because of the distribution of legislative power here, and that it is a matter which the National Council would suggest should be very seriously studied with a view to eliminating as much as possible the uncertainties that may attach to the marriages? A. Yes, quite right.

THE ACTING CHAIRMAN: Mr. Bristol, will you kindly file the brief as Exhibit No. 381.

EXHIBIT No. 381. Brief of the  
National Council  
of Women.

MR. FOWLER: The next is the Health League of Canada, Dr. Gordon Bates.

DR. BATES: Mr. Chairman, and Members of the Commission, I represent this morning the Health League of Canada. This organization is a National Association, having for its general objective health conservation. This body came into existence in 1920 under another name, and the name has been changed twice. It was first called ~~The~~ National Council for Combating Venereal Disease, and was brought into being in connection with the establishment of the Federal Department of Health under a separate Minister. As a matter of fact, the particular problem with which the Association was first concerned was one which precipitated the establishment of that Department. It was recognized that venereal disease constituted a problem of great proportions, and it had at least something to do with precipitating the establishment of the Department, and the Canadian programme for the control of venereal disease was one of the first major activities of the Department. The organization changed its name because we discovered very soon that connected with the solution of this problem was the fact that the health machinery of the country was inadequate, and we felt that efforts should be made toward the building up of proper





health machinery to deal both with this problem and other allied problems.

The Health League submits first of all, that the cost of illness in Canada is so great that it imposes a very heavy burden on the community and on the individual. One of the great authorities on this subject on this Continent as far back as 1926 pointed out that what he called the vital capital of the United States, that is, the men and women of the country - and I may say this is a carefully worked out computation - the value of the vital capital of the United States amounted to fifteen billion dollars, while the National wealth of the country in material assets, including real property, live-stock, machinery, agricultural and mining products and manufactured goods, amounted to about three billion dollars; in other words, the vital capital of the country exceeds the national material wealth by about five to one. Therefore we submit that it is reasonable that we should urge that Canada should take steps to conserve her vital capital.

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The cost of illness in the United States has been estimated by various individuals, the latest being an estimate by a Committee of the United States public health service , to be ten billion dollars a year. This includes losses due to the postponment of debt.

Various estimates have been made in Canada and the estimate made by this association is that the cost of illness, the direct cost of illness, is about three hundred million dollars, but if we include the losses due to the postponed debt this comes to a total amount of nearly a billion dollars,, some place between eight hundred million and a billion dollars.

We have taken steps from time to time to estimate the ratio between the amount of money spent on the cure of illness and on prevention. Recently, or not so recently, three or four years ago, we made an analysis of the cost of one province, the province of Ontario. We found that the total expenditure of the province was something over fifty-four million dollars, while the expenditure on public health was \$834,000.

THE ACTING CHAIRMAN: Should that be "province" or "provinces"?

DR. BATES: That is the province of Ontario.

THE ACTING CHAIRMAN: No, but you say, "The provinces", just before the fifty four million dollars.

DR. BATES: That is a mistake, that should be province. That is the province of Ontario. That expenditure is analysed in the brief:

Grants to hospitals	\$ 1,776,520.33
Mental hospitals	<u>3,298,590.33</u>
Amounting to	\$ 5,075,110.66

Then, added to that are various other expenditures, industrial school grants, refuges, orphanages, training schools, and so on, amounting to \$345,522.24.



Then, through the Department of the Provincial Secretary: For the blind \$68,495.20,  
 Deaf 130,048.46,  
 Total \$ 198,543.66

Making a total altogether of \$6,440,852.68, or about 11 per cent of the total provincial income. But, in addition there are other costs so that through municipalities or private subscribers for the upkeep of hospitals alone the additional sum of \$12,345,247.98 is required, making an expenditure which may be easily traced of \$18,784,100.66, or an amount equal to one-third of the total provincial expenditure.

But, then there are other indirect expenditures, for example the expenditure on Mothers' Allowances. Mothers' allowances are paid very largely to widows with dependent children, their husbands as a rule have died through preventable illness, and therefore that can be fairly charged to the cost of illness. That must amount to \$2,000,000, making a sum of \$21,034,100.66 or 39 per cent of the total provincial expenditures.

" This sum does not include personal expenditures, nursing service, loss of time or any of the other items included in the general estimate of the cost of illness for the Dominion."

Now, there are some items there which might be questioned, for example the item of \$821,676.12 attributed to the Provincial Secretary's Department, as this covers delinquency which is only in part due to illness. But, even if we leave this out it would amount to 37 per cent of the total provincial expenditures which had their origin in illness of one kind or another.

Then, as to the preventability of illness, there is no doubt that at least half of all illness is preventable, probably more.





Professor Winslow of Yale University has estimated that 29 per cent of all deaths in the United States Registration Area are postponable. Our estimate after an analysis of the situation is that 34 per cent of Canadian deaths are postponable.

Now, if one takes this question up in detail one discovers a large number of problems which might be discussed. I have only dealt with one or two of them in this brief.

The question of diphtheria. Diphtheria until recent years was considered to be the most serious disease of childhood between the ages of 2 and 5 it caused more deaths than any other childhood ailment. Diphtheria may be prevented by the use of a substance called toxoid. In 1929, the year in which toxoid was first used to any extent in Canada there were 8,864 cases of diphtheria, the following year 7,534; 1931 - 5,913; 1932, 3,912; 1933, 2,407. Children have died in Canada to the number of 1,012 in 1927. If we go back as far as 1921 there were 2,075 deaths from this disease.

Now, if we were particularly interested in the national aspect of this problem we find that in 1934 in five Canadian cities with a population of approximately one million there were no deaths from diphtheria. That same year in the rest of Canada there were 232 deaths, and since the mortality rate is about 10%, that means about 2000 cases.

"It is interesting to note that in 1895 when Toronto's population was 177,000 there were 140 deaths from Diphtheria. Had this rate continued there would have been 735 deaths by 1934."

As a matter of fact there were no deaths last year, in 1937. We believe that that particular city with



a population of about 800,000 has created a world record, simply by instituting work in diphtheria. I should say there is an isolation hospital of 450 beds. That hospital as far as diphtheria is concerned, is empty and it is our belief that if this question of diphtheria were properly dealt with throughout Canada, isolation hospital for the care of cases of diphtheria would not be needed. But there is not a national attitude on diphtheria and therefore it is not done.

Now, the same thing applies to a number of problems. I have dealt here with the question of typhoid. We should not have any typhoid in Canada. Typhoid is a preventable disease.

Then, the question of tuberculosis. In 1935 there were 6,597 deaths. The proof that tuberculosis is absolutely preventable is found in the fact that during the last twenty-five years even with our present imperfect machinery the death rate has been cut in half.

Then another very important cause of death is cancer.

"Cancer causes over 11,000 deaths per year in Canada. Periodic health examination frequently reveals this terrible destroyer in incipient stages, when there is an excellent chance of curing it. Universal periodic health examination would make the cancer death rate dwindle sharply. The public must be led to conserve health by adopting the physical examination scheme.

Serious consideration of this problem as a nation-wide responsibility would result in the provision of facilities which would materially cut the death rate. Superficial cancer is curable if seen early and this type of cancer comprises more than half of all cancer."





The next question is another important one, the question of venereal disease.

"Syphilis was characterized by the late Sir William Osler as 'the great killer' outranking as a cause of death, Cancer, Tuberculosis and Pneumonia. This disease is also a great cause of disability. Its prevalence has been variously stated and differs in different countries according to the methods which have been taken to control it.

Its companion disease, Gonorrhoea, is even more prevalent than is Syphilis and is a cause of serious disability in women, being responsible for a very large proportion of gynaecological operations which generally result in sterilization.

The success of the Dominion-wide scheme for the control of venereal diseases entered into in 1920 has been demonstrated.

The total amount spent through all Departments of Health in Canada - Dominion, Provincial and Municipal - is about \$7,000,000.

The Minister of Health for Ontario in the last two weeks, stated that in the Province of Ontario the Government spends \$10.00 for cure as compared with eighty cents for prevention."

The value of Dominion-Provincial cooperation was very evident in the scheme which was inaugurated by the Dominion Government in 1920. This scheme involved three factors: First of all, A Division of Venereal Diseases in the Dominion Department of Health to supervise, gather statistics and generally band together a nation-wide scheme.

Second: Financial co-operation between the Dominion and the Provinces. This involved money, grants amounting to \$200,000 annually at first,



spent on condition that the provinces spent an equal amount in addition. Dominion grants were divided among the Provinces on a pro rata basis.

Third: The utilization of a voluntary association for propaganda and education.

This scheme continued with the greatest efficiency until 1932 when all Dominion grants were discontinued and the Division of Venereal Diseases in the Dominion Department of Health dissolved.

While the abolishing of the Dominion Division has made it difficult to gather Dominion statistics sufficient is known to prove the value of the plan in which all provinces co-operated. Over 500,000 persons have been brought under treatment. In some hospitals the reduction in syphilis has been remarkable. In Toronto General Hospital, for example, the percentage of syphilis has dropped from 10.6 to 1.5 per cent. of all admissions. In the Hospital for Sick Children to under 1 per cent.

Now, an example of difficulty of getting statistics is this: In 1916 the Montreal General Hospital reported that 26% of their patients were syphilitic. I have found it absolutely impossible to find out what has happened since. Routine tests are made but statistics are not gathered and I don't know what has happened, and that is happening in thousands of Canadian hospitals.

"Recently routine blood tests were done on 1000 successive cases of women entering the Burnside Lying-in Hospital in Toronto General Hospital. Only three of these cases gave a positive reaction. This is probably the lowest



record in the world and is not necessarily applicable to other hospitals in Canada.

On the other hand failure to continue the scheme has materially slowed up progress. Numerous recommendations for the improvement of the scheme made in 1931 by all of the Provinces have been impossible of accomplishment. Surveys done by the Health League of Canada in Ottawa and Toronto recently would suggest that there are 100,000 cases constantly under treatment in Canada and perhaps another 100,000 not reported as under treatment. "

The statement is perhaps a little loose, but you cannot tell whether a patient is suffering from syphilis unless blood tests are done and these blood tests are not done, so it is impossible to tell how much syphilis there is in Canada. There has been a great deal.

"The result of discontinuing this scheme in 1932 has been that since that year Canada has failed to make the progress in this field which was evident previously and has lagged behind the Scandinavian countries where progress has been striking."

I may say a recent estimate would indicate that there are three new cases per hundred thousand in Sweden, twenty new cases per hundred thousand in Denmark, forty-seven in England and over seven hundred in the United States. Now, I can only guess at the number of new cases in Canada, but I think there are about eighty-five cases per hundred thousand of population, new cases. In many cases we are only guessing at those statistics. Personally, I feel that the Canadian campaign is extraordinarily successful as long as it is continued





and we stand perhaps better in the list of countries than those statistics would indicate.

"There are various fields in which the type of scheme so successful for a number of years in connection with Venereal Disease Control could be made effective."

For example, the question of rural health has been generally neglected. This question was discussed at length in the House of Commons in 1930. I may say, I don't know whether we mention it elsewhere in the brief, since 1935 there has been a voluntary committee of joint members of the House of Commons and Senate, of which committee I have been secretary. That committee meets two or three times a year and has been very useful in keeping the House and Senate informed. Mr. Henry Spencer, Member for Battle River, on this occasion in 1930 moved the following resolution:

"That in the opinion of this House, the Government should take into consideration the advisability of making grants to the provinces equal to one-third the cost of establishing, and to cover permanently such full-time health units as may be organized."

This resolution passed the House without division but with a change in Government and the advent of the depression no action has ensued. The result has been that while in some provinces by virtue of grants from the Rockefeller Foundation it has been possible to establish full-time Health Units generally on a county basis, over most of the rural areas of Canada there has been no action. In areas fully organized sickness and death rates have fallen, much more



rapidly than in other areas where there has been no action."

I may say that the province which has led in this direction has been the province of Quebec and I think there are between thirty-five and forty full-time health units. The late provincial secretary of Quebec was very proud of the fact that in one of the county health units of Quebec every child in the county had been immunized against diphtheria. Now, that is an example of what could be done in rural areas by careful supervision of health services on a full-time basis.

There are certain specific cases:

"It is well known that in spite of the fact that milk is perhaps the most valuable of all foods, raw milk has been responsible for epidemics notably of typhoid and para typhoid fever, diphtheria, scarlet fever and undulant fever. It is responsible for the conveyance of bovine tuberculosis from cow to human and is a major factor in high infant mortality rates.

Where pasteurization has been enforced the results have been spectacular. Infant mortality rates have fallen and epidemics of milk borne disease have disappeared. A notable example of the effect of pasteurization in bovine tuberculosis is found in the City of Toronto which has had a compulsory pasteurization law since 1915. Since that year not a single case of bovine tuberculosis has entered the wards of the Hospital for Sick Children from Toronto."

Bovine tuberculosis is the kind of tuberculosis which causes Pott's Disease, Hunchback, tuberculosis hip and so on.





"All such cases have originated in parts of rural Ontario where milk is not pasteurized.

In spite of this there is no Dominion-wide pasteurization programme. While compulsory pasteurization laws have been passed in many municipalities there are vast areas of Canada in which the population are exposed to the dangers of raw milk.

, Ontario has recently passed a Compulsory Pasteurization Law. No other province has undertaken such action. There is no evidence of Dominion-wide planning to the effect that pasteurization may be universal throughout the Dominion."

Now, I want to deal with the question of periodic health examination:

"A great deal has been said about the instituting of periodic health examination for detecting incipient disease in order that it may not become serious. The application of such a method would have its relationship to many types of disease, that is, cancer, tuberculosis, diabetes, heart disease, diseases resulting from focal infections and of course the disease of syphilis.

The institution of Periodic Health Examination, however, would not seem to depend upon governmental action but upon the development of a new attitude towards the organization of medical practice."

The question of health insurance I have not dealt with in this brief. It seems to me it is essentially a matter that does not come in the business of this league.

The next question I deal with in the brief is that continually the British North America Act has been brought up as an objection as to why the Dominion should not



participate in health matters.

"Under Section 91 of the British North America Act exclusive legislation of the Parliament of Canada is extended to all matters coming within classes of subjects listed in this section. Subject No. 11 is Quarantine and the establishment and maintenance of Marine hospitals.

This is the only reference to health in the British North America Act.

In Section 92 exclusive powers of the Provincial legislatures are defined. Sub-section #7 assigns to the Provinces the establishment, maintenance and management of hospitals, asylums, charities and eleemosynary institutions in and for the Provinces other than Marine Hospitals.

In view of the fact that in 1867 there were no Departments of Health and preventive medicine was scarcely thought of, this matter is not definitely taken up in the Act.

Section 91 states: 'It shall be lawful for the Queen, by and with the consent of the House of Commons, to make laws for the Peace, Order and good Government of Canada, in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the Provinces.'

In other words, all residuary matters may be dealt with by the Dominion.

It would seem that there is no good reason why the Dominion should not enter into full participation in any scheme for the promotion of health throughout Canada."

Incidentally as a matter of interest the Chairman of this Commission whose absence we deplore on account of



illness this morning, was the first Minister of Health for Canada and was responsible for bringing in the original act which establishes the federal department of health under a minister.

The question of who should look after the matter of health in Canada has been under discussion for a long time and this Association early found that this question of the British North America Act was a constant bugbear. We made representations to the then government in 1934 that a conference should be called in order to find out who is responsible for health, because we have always believed that Dominion leadership, which is defined there in the brief, is essential if the mortality rates in this country are to be cut and if the illness is to be reduced to a minimum. Because of representations made by ourselves, by the Canadian Medical Association and other associations, this conference was called in 1934. At that time,

"In 1934, because representations had been made to the Dominion Government that it was desirable to arrive at a decision as to where the responsibility for official health conservation direction lies as between the Dominion and the provinces, the Dominion Government called together the Ministers of Health of the nine provinces who met in Ottawa under the chairmanship of the Minister of Pensions and National Health. This Conference of Ministers passed a number of resolutions, among which are the following:

1. That a Royal Commission be appointed to examine into the whole question of health activities and medical service in the Dominion of Canada.





2. That the Ministers of Health of the nine Provinces of Canada, under the chairmanship of the Minister of Pensions and National Health of the Dominion Government be constituted as a Cabinet of Health to be called to meet periodically at the pleasure of the Honourable Minister of Health for Canada.

3. That there be established as an adjunct to this Cabinet of Health, an Advisory Committee of representatives from the various bodies qualified to be of assistance to such a Cabinet.

4. That Departments of Health, both national and provincial, constantly endeavor to engage in closer co-operation with the Medical Associations of Canada, with a view to promoting health interests in Canada.

5. That the Conference approve of grants-in-aid to voluntary health agencies, but that such agencies should confer together and present jointly their requests to Governments for money-in-aid, such grants later to be made upon the basis of the total amount of funds available compared to the total amount of the budget approved by the conference of voluntary agencies."

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"These resolutions are all in accord with the general policy of the Health League of Canada which has constantly urged the type of cooperation between the Dominion and the provinces which was so successful in the original Venereal Disease control scheme and also the very great necessity for public education.

9. The Health League of Canada has supported and will continue to support the strengthening of the Dominion Department of Health as a means of ensuring Dominion leadership.

10. The Health League of Canada approved in general (although possibly differing in some details) of those sections of the brief presented by the Canadian Medical Association which deals with preventive medicine but especially approves of the definition of Dominion leadership to the effect that 'Leadership would mean the planning of methods whereby all citizens would have the full benefits of health services and the devising of ways and means to make such plans effective.' "

I might say that the Health League of Canada which includes on its actual board a good many medical people throughout Canada and which also has an advisory board which includes the provincial ministers of health, that this organization has specialized in publicity. For example, we sent news reels, news items and so forth to all the independent newspapers and weeklies. We have established this year around 38 stations from which we have distributed, literally, millions of pamphlets of all types, having to do with health. As I have said before, the whole object of this organization is education.





We submit:

The Health League of Canada submits that science has already developed methods whereby sickness and death rates may be materially reduced, thus saving enormous costs which at present are unnecessarily a burden on the people of Canada. The solution of the problem of preventive medicine requires the application of specific methods e.g. toxoiding of children, pasteurization of milk, periodic health examination and the building up of adequate machinery in the way of properly staffed Departments of Health, adequate legislation, full-time health units in rural areas, etc., etc. All such measures require expenditure by the Dominion, provinces and municipalities.

In the long run such expenditures would result in enormous savings. Steps which should be taken in order that these results may be achieved are not taken because the public are not sufficiently informed.

Probably the first and most important step to be taken is in the field of promotion. The radio, the newspaper, the moving-picture must be used on an unprecedented scale if the people are to be educated to demand action."

For example, this organization made a moving-picture in Hollywood some four years ago. The picture was entitled "Damaged Lives", and it had to do with venereal disease. This picture has been shown all over the world. For instance, it was shown two years ago in Great Britain to approximately 5,000,000. The result of this kind of publicity is that the people are informed and the people



themselves can recognize the disease. Immediately after this picture has been shown in the different districts, there has been an increase in clinical attendance for this disease. It is only by some such method that the problem of venereal disease can be controlled.

Quoting from the brief:

"The Health League of Canada has endeavoured for a period of years to effectively utilize such machinery and as a result to some extent has succeeded in influencing public opinion. There is no doubt, for example, had it not been for the activities of this organization the Venereal Disease control scheme would have fallen to pieces long before it did. The Health League of Canada claims some of the credit at least for the pasteurization of milk. Similarly this organization has had a great deal to do with the increase of popular education in connection with the control of diphtheria and in the spreading of information as to the curability of cancer.

The Health League of Canada desires to submit that such education can be best done by a voluntary association because the voluntary association is essentially a medium for the arousing of popular enthusiasm and upon the arousing of general public opinion must depend rapid progress in this field. Such an organization is composed of citizens who are enthusiastic for the achievement of certain ideals.

It would seem to be a mistake to fail to take advantage of the moral and financial support of a large group of citizens who are willing and



"anxious to do their part in preparing public opinion for the acceptance of plans which should be the final objective of governments, plans which governments cannot put into effect until there is assurance of their general acceptance on the part of the people at large."

We specifically request this thing; we are interested in bringing this request before Parliament.

Quoting from brief:

12. Venereal Disease Control For Canada.

The Health League of Canada urges that the Venereal Disease control scheme with its various component parts should be re-established as it was previous to the withdrawal of Dominion support in 1932.

This plan was eminently successful insuring as it did the cooperation of all the provinces under Dominion leadership. With the withdrawal of Dominion grants in 1932 the identity of the scheme as a cooperative and corporate entity disappeared. Venereal Diseases in Canada are not being fought on a nation-wide front as they previously were. Various important recommendations as to the improvement of the scheme have not been carried out. It is submitted that until the plan is restored as a cooperative plan between the Dominion and all of the provinces progress in this particular field of public health will be seriously retarded."

I might add that in the general fields of public health, there has been serious retardation. Last year in the United States, at least, during the last year, there has been





greatly increased interest in this particular problem. I have given you the statistics as to the number of new cases of syphilis in the United States. I think it was something like 790 odd out of every 100,000 of population. The La Follette-Bullwinkle bill, passed both the senate and congress during the past few weeks, and it makes provision for a very large appropriation, approximately \$25,000,000. I think the first appropriation is \$3,000,000. This will be for distribution to the States. This goes on for a number of years, and then the amount increases. It gives the United States Public Health Services a department of treasury and it enables it to study methods of control in the United States. I submit that a similar provision should be made in this country.

We have made gradual strides towards the reduction of the death rate in this country. In the year 1880, the average duration of life, I think, was only 40 years. By 1900 that was up to 49 years. This year the average duration of life for a man is 59  $\frac{1}{3}$  years, and for a woman it is 61  $\frac{1}{2}$  years. In New Zealand, the average duration of life has reached 66  $\frac{1}{2}$  years, so you can see that we can still make quite an advance.

Now, Mr. Chairman and members of the Commission, there are many other things which I could say. I have stumbled across many problems having to do with public health. For example, in looking over the vital statistics report in 1935, I find that there are 392 cases of general paralysis of the insane admitted to our mental institutions in that year. The government estimates that the cost of one person with general paralysis, who is insane, is \$3,000. So that, broadly, the result of syphilis, costs this Dominion, in that year, about \$1,250,000.



In 1935, in the province of Ontario, there were 449 cases of general paralysis of the insane or cereberal syphilis. Actually, if one only works out the cost as \$1.00 a day per person, it costs close to \$500,000 per year. This is the cost for one item caused by syphilis. There is a request for a grant of \$100,000 at the present time in order to renew this venereal disease clinic system. Think of only \$100,000 being asked to control a disease, the cost of one item of which, would amount to \$500,000 yearly. This all comes out of the taxpayers' pockets.

There are many considerations which enter into the question of the reduction of mortality. I would like to refer you to one problem which I only recently came upon. This is the question of drownings. In 1935, there were 878 drownings in Canada. The question of resuscitation is a very important one and it is something about which few people have any knowledge. In the province of Ontario the only people who know anything about resuscitation of people from drowning are the Hydro Electric employees. They are specialists in shock cases, but the same thing applies to drowning. These men apply the method for eight hours, sometimes, with very great success. There seems to be a general impression abroad that if a person is under water for more than five minutes, that person cannot be revived. This is not true. People who have been in the water for fifteen minutes have been brought back to consciousness. The Shaffer method of resuscitation is rather difficult, and it involves intense labour. We have had a violent epidemic of 'polio', recently, and the iron lung has been developed. The iron lung provides an excellent method of artificial respiration which is not being used. I was talking to Sir Frederick Banting





this morning and he was telling me that his institute has developed a cheap respirator called the Lebell-Hall respirator, and if this were generally used at strategic points, the death rate from drowning could be very materially cut down. This is just a small, incidental problem which I have come across, but it is a thing which is not being properly handled. No one is doing anything about it.

My whole submission this morning is to the effect that health is a matter of great national importance upon which we ought to put more effort than we have in the past.

THE ACTING CHAIRMAN: There is no doubt whatever about the national importance of this question. Please accept our sincere thanks for your presentation. The brief might be put in and we will file it as exhibit 382.

EXHIBIT NO. 382: Brief of the  
Health League of  
Canada.

COMMISSIONER MacKAY: You are relatively satisfied Dr. Bates, with the present arrangement whereby health falls primarily upon the province and the Dominion will assist the province?

DR. BATES: Well, as I suggested, I believe that the Dominion should help the province. The ministers of the provinces have been called together three times now, and I believe that that policy should be continued. It has been of benefit in helping the provinces working out ways and means for attaining certain ends. There are certain areas in Canada which find it difficult to get ahead. I could name them if I cared. The other parts get wealthy very rapidly. This is sometimes due to lack of interest and sometimes to lack of money. I believe that situations



which should be taken over by the Dominion would be a situation such as I have mentioned.

COMMISSIONER MacKAY: This venereal disease control, you think, is a sound model?

DR. BATES: I think it is a sound model; it worked excellently. We started in 1920 with nothing, when the Dominion venereal disease control plan was instituted, and when it ended we had a large number of clinics established. We had Dominion-wide propaganda and we had a department in Ottawa covering the situation. It seemed to me that it was a perfect scheme; it may not be perfect, but still it was better than anything else we had.

BY MR. ST. LAURENT

Q. In that connection, I understand that the original federal grant was for \$20,000. Did I understand you to say that the application this year was for approximately \$100,000? A. We have made a general request to the government that the original scheme be restored. This is apart from what the Dominion government is doing now. The only thing the Dominion government is doing now amounts to \$1,500, originally it was \$2,000 and there is very little venereal disease control work done now by the Dominion through the province.

Q. I understood you to say that there was a vote to be put through in the near future of \$100,000? A. That is so, but I should have said that it has been discussed informally. We have asked the Dominion government to restore the original scheme. We did not mention any specific sum, but I believe that that sum has been mentioned.

Q. Is it your view and the view of the league that the \$200,000, while it was being provided, was being very wisely expended? A. I think so.



Q. And it was producing results adequate to the expenditure? A. Yes, I believe so, definitely. In the scheme we had in Canada, I believe it was the view of several prominent men, that it was one of the best systems in the world.

Q. Statistics showed results which were very satisfactory in view of the fund being put forth, is that so?

A. Very definitely, we have reported reductions of 85 per cent in syphilis in one hospital which is most remarkable.

Q. Now, in some of the provincial capitals where this commission has sat, there have been representations that these conditional grants-in-aid were not desirable, have you considered that there are some of the provinces which have represented that it was an incentive to spend money which they did not have. It was also represented that the provinces were started on schemes and then when the federal aid was withdrawn, the province had to continue the scheme at its own expense, which was a considerable amount. Have you considered that question? Might that apply to this scheme or is the amount required such that it could not be any real hardship, anyway? A. Of course, we have always felt that a schedule for this grant was a great mistake. It gets a scheme started and we begin to see the successful culmination of our plans when the support is withdrawn and everything collapses.

Q. Do you remember the proportion of the expenditure which was being provided by the province? A. Dollar for dollar.

Q. And you say the \$200,000 was distributed in respect to the various details in the province? A. Yes.

Q. Now, on page 8, there is a statement that there should





be an institution of period health examination, which would not seem to depend upon governmental action, but upon the development of a new attitude towards the organization of medical practice. Would you care to develop that suggestion? A. Yes, I will be very glad to do so. The physician is trained to look after people after they become sick. At the present time, we are now passing into the stage where the physician is gradually developing the view that he has got to keep people well. He is developing a point of view which did not exist before. Now, this venereal disease problem has been a problem which precipitated, that, I think. For example, a man comes into his office who is syphilitic. To-day, the physician immediately remembers that his wife might be syphilitic, so he sends out and has the wife examined. There might be children, too, who would be affected by it in some way. In an insane asylum, when there is a case of general paralysis, the superintendent of that institution has immediately to remember that there might be four or five children outside who are affected by this disease.

I will give you an example of this. This is a case which was brought to my attention in Brantford. A man came into the city relief office and told them that he had rheumatism. He was referred to the medical officer of health or the hospital and it was found that he had syphilis. I suppose it was locomotor ataxia. Then his wife was brought in and she was found to be infected. There were a number of children, and the first child was partially blind and deaf. The next two children were deaf and dumb. The fourth child was a syphilitic cripple; the fifth child was an idiot, the sixth mentally defective and the seventh, an eighteen month's old baby was also



syphilitic. That meant that there were nine people, including the small children who were suffering from this disease. If they had not been discovered, later on they would probably have come into one of our mental institutions and been cared for at the expense of the public. It is through such cases as that that the doctor has developed a social attitude. The same thing is true in connection with diphtheria. You cannot control diphtheria unless you give a toxoid. It is not good enough to think of giving that when the child is dying. The mortality from this is very high. You have to have in your medical practice the means for giving toxoids. The child specialist is like a dentist now, he is looking forward and making periodical examinations. This is the only way to cut down the death rate in certain illnesses. If a man has syphilis, three-quarters of the time, he cannot tell it. That man must be examined when he is well, in order to prevent the serious ravages of the disease. If he has diabetis, the same thing applies; you have to examine him when he is well.

(Page 9295 follows)





Q. With respect to these recommendations of the interprovincial Conference of 1934, there are nine listed on page 10, you did not tell us what had happened?

A. Nothing very much has happened. I think perhaps this Commission has taken the place to a degree, of the Royal Commission which was suggested. My difficulty about all those statistics in regard to health is that they are informal statistics, they are not official. We are, to a certain extent, guessing at it. I had a talk with a gentleman within the last few weeks, the Premier of one of the provinces. He told me he was absolutely appalled at hospital costs. He told me that he was going to put forward a campaign of preventive medicine because it was the only way the province could deal with the situation. The Ministers of Health have met twice, and nothing has been done about this form of advisory committee. Nothing has been done about any of those recommendations, except that the Ministers have met several times. I may say they met last spring, and those who were here approved of the reestablishment of the venereal disease scheme, which was a step in advance, and proved my point.

Q. This Health Cabinet still exists and has met twice since 1934?

A. Yes, I think there have been three meetings.

Q. And it was to meet periodically at the pleasure of the Minister of Health?

A. Yes.

MR. ST. LAURENT: That is all, thank you.

EXHIBIT No. 382. Brief of Health  
League of Canada.



Rev. J. R. Mutchmor, Secretary of the Commission on Economic and Social Research of the Board of Evangelism and Social Service of the United Church of Canada, was called.

REV. MR. MUTCHMOR: Mr. Chairman and Members of the Dominion-Provincial Relations Royal Commission, we wish to associate ourselves in the beginning with the Members of your Commission and all who have come before you, to express our regret in the illness of your Chairman, and in this regard to mention that there is no lay member of our Church who has so conspicuously and so continuously served the community which we represent as the Honourable Chief Justice of Ontario. In coming before this Commission, as we pointed out in our covering letter, we do not speak authoritatively for the United Church; that is, this is not a report of the Church that we present, but it is rather a statement of the considered opinion of a Commission of our Church, set up under the Board of Evangelism and Social Service. We hope to bring our work before you, not with the thought that it is going to profit your Commission so much-but we hope it will be of great value - but because we are charged with this duty by our own Church, and we are proceeding in this light.

When you look over the names of the Central group resident in Hamilton and Toronto you will find that eight of them are Ministers of the Church and thirteen of them are laymen chosen from all avenues of life, which makes them very fit and able members of such a group as ourselves. Now, in presenting these names that we do in the covering letter, we would also point out that our Church is spread everywhere in this Dominion. It has, I think, 2800 preaching places, and the Central group whose names appear here have associated themselves with regional groups in all parts of Canada, and we are working in close consultation with groups of all



sorts in our own Church, representing various phases of life in our country. We would also say in introducing this report that it is quite incomplete, because, of course, it was worked out in the busy life of a few people, and we do not have so much time available. At the same time while it lacks a certain completeness and a certain sequence of thought, because it was not written by one person, yet there is some advantage in this connection in that it expresses the considered judgment of a group of people, and that perhaps has some value. We recognize it is incomplete because it has no reference to the very difficult subject of taxation. We began the subject of taxation but of course it is a very complex one and we did not feel able to make any reference to it, although I may make some comments as we go along.

With these introductory remarks we turn to the first page of the report, and while I will not attempt to read it I would like to point out in the beginning, that in 1933 and 1934 our Church did have a Commission under the Chairmanship of Sir Robert Falconer, and that during those years we prepared a report which has been included in our submission, entitled "Christianizing the Social Order". Since that time there has been held in Oxford last year an international conference of Christian Churches including all the Protestant Communion and some other Communion. The representatives at that Conference worked very diligently; in fact, they had been working for some three years previously, and in their report, a copy of which has been included in this submission there is a section, Number 3, on the economic order, and from that section we quote as far as the general statements are concerned.

In paragraph 4 on the fourth page we indicate the approach





that we make to this subject. I read;

"As members of the Christian Church we approach the problems of our politico-economic life from the standpoint of our faith in Jesus Christ as He who reveals the nature of God and His purpose for mankind. The commandment Jesus laid upon us is to love God and our neighbours as ourselves. Thus we believe that the relations of men are part of their relation to God. Inasmuch then as the brotherhood of man is bound up with the fatherhood of God, systems and institutions which affect the lives of men are the concern of the Christian Church. We seek the best possible institutional arrangement and social structure for the ordering of our national life."

Having this approach we seek to set out two principles which we think are fundamental. The first is the inherent worth of human personality. We believe that social well-being is only possible when the State recognizes the supreme worth of human personality. From that principle we think that various conclusions may be drawn; we mention two of them. On the second page, "A-Political"; I may say, Mr. Chairman, when we drafted these two paragraphs on the political aspect we experienced considerable difficulty. I think this is the fifth or sixth draft of these two paragraphs. We did include a reference to disallowance; we looked up the B.N.A. Act, and so on, and then we were afraid if we put in the reference to disallowance that at some future time we might regret it, so we left it out. We put it here as you have it; recognizing of course that minorities have rights, and so on, and since our Church has very largely sprung out of that type of experience we do not want to forget it.

Now, in regard to the economic aspect, I read:



"We do not believe that any existing economic system is to be identified with the Kingdom of God but we do affirm that man, as a part of any economic system, must be treated as a child of God.

We recognize with appreciation the efforts of those in industrial life who have sought to make industry serve the welfare of the whole community but we cannot but view with alarm certain tendencies in our economic life which indicate that industry is being organized more and more for the financial reward of some of the members of the community only. There are obvious economic inequalities which prevent opportunities of physical, mental, and spiritual growth for all our citizens.

This condition makes the struggle for industrial freedom paramount in our national life at the present time. In this regard we believe that the greatest threat to the preservation of the rights of the ordinary man lies in the fact that undue economic power is possessed by a few individuals, who feel little responsibility to society and whose predatory activities require to be curbed."

We believe that the struggle for political freedom was fought out in Lower and Upper Canada in 1837, and we think that 1937 witnessed the beginning of the struggle for industrial freedom in this country of ours. In that connection we quote at the end of that paragraph a statement from this Oxford Report, and the Oxford report is set out in more extensive form. I will just read the one sentence:

"The irresponsible possession of economic power tends to create in those who exercise it a dictatorial temper and in those over whom it is exercised bitter-





"ness and cynicism, if not servility."

We believe that is a fundamental matter and we would like to stress it in the beginning of this report.

The second principle, - and I think we can call this a spiritual principle, certainly we believe it is very vital, - "The National Community a gift from God."

"While recognizing that every individual is bound by ties of a common humanity to the whole race, we believe also that in God's providence every man is a member of a national community, which has a contribution to make to God's wider purposes for all mankind. We covet for our Canadian nation, a share in these wider purposes of God.

As a Church whose members are drawn from every section, class, and race in our nation we are concerned with national unity and we deplore any tendency to establish any geographic, racial, or class group which would limit the responsibility of that group to the whole community."

- We want to be very emphatic in that statement; any tendency in this country of ours which leads to sectionalism is a tendency which we would certainly deplore and against which we would set our whole strength. We are a national body, we desire national unity, and we think that is a very important matter. We set it out in this section under "The National Community a gift from God".

Now, having these general approaches we go on to take the first subject, that of social security, and on page 3 we set out under brackets A.B. C. and D. the general considerations that we think are relevant. Now, we come to six observations, and I may say, Mr. Chairman, in that first one and the second one there is an element of confusion - at



least a lack of clearness. Originally we had one observation there where we now have two, and we are not satisfied with the two. But still it points out a question that we think is very clear.

"We recognize the relative merits of both private and public welfare work, holding that they are complementary to each other. We believe that both are essential for the promotion of sound social security. While we stress in this submission the importance of public welfare work, we would maintain that the willingness of citizens to assist voluntarily with worthy enterprises which aim at the alleviation of suffering, poverty, illiteracy, etc, must be preserved."

We are finding that the response of our people to the work of our Church, which is of a social nature and of national importance, is being hampered by the increasing incidence of taxation. We think that there is a very close relationship between the subject of taxation, as we point out in this next section, and the ability of our people to support voluntary efforts. Now, in Great Britain, I think the records will show, the Government of that country in regard to this whole question of social security has in its history and in its present form of operation recognized the great importance of voluntary organizations. We are not just pleading for our own Church, that is neither here nor there, but we are pleading for voluntary work and the importance of voluntary work in the matter of national well-being. We go on to state that more clearly, perhaps, in this second section where we say that while taxation of course is necessary it should not be so heavy as to hamper essential and worthy enterprises in the community, such as hospitals, educational institutions, and so on. If citizens' support of



such enterprises is seriously curbed, because of the amount and method of taxation, the effects upon the spiritual, moral and cultural life of the community will be definitely injurious.

In the third section we come to a matter which we believe to be very important.

"We believe that in the provision made by government to obtain social security for its citizens, the collection of the revenue, the administration of the funds and the carrying out of all the provisions of social security legislation, should be safeguarded from partisan political patronage and interference. When the welfare of human lives and families is at stake assurance must be given that political interests will not jeopardize their opportunities for existence.

We believe that only a solvent state can adequately maintain the welfare of its people. Recognizing that many of the financial difficulties of Canada are due to the immoral practices of governments who use public money to win popular support, we would urge that governments must realize that they are trustees of the nation's finances. We would ask for recognition in all government policy of the fact that the ultimate basis of government is moral and that the bribing of the people with public money, the failure of governments to maintain contracts, the unwise administration of public funds, the desire to spend money far beyond the nation's ability to pay, spells ruin."

I need not say, Mr. Chairman, in respect to that section 4 we had a good deal of debate, but we decided to stand by it.

"It would be expected that social security leg-





"islation was based always on thorough study and investigation. We find, however, that Mothers' Allowance plans and Old Age Pension legislation developed, in many instances, more from motives of political expediency than as a result of careful study. We believe, therefore, that, as in other matters of legislation, sound social security legislation, must be based upon knowledge gained through experience. As our experience in this country in such matters is meagre the nation must be willing to take tentative steps. We recognize the importance of experiments made in other countries. We point out, however, that, while information gained from the observance of such experiments is necessary and valuable, Canadian conditions are such as to demand legislation suited to our own peculiar situation."

Now, that is a reasonable statement and we took care in preparing it. We do think that here in Canada, when the Old Age Pensions came under consideration an election was coming on and one of the contending parties needed the labor vote. A promise was made and later implemented, and to my certain knowledge in certain provinces, at least, no study was given to the matter. I understand now that our cost for Old Age Pensions is about \$35,000,000. It will soon increase to \$41,000,000. The Honourable Mr. Dunning has told us that in a few years it will be \$80,000,000, and not in the far-distant future it will exceed \$100,000,000., which shows that starting these things as a political expediency we got ourselves into a very sorry economic and political condition.

Now, I take the sixth section;

"In a country such as Canada, where there are



"such violent fluctuations in national income, we believe that social security measures should not be undertaken, much as they are desirable, which would add further rigidities to our National economy. We refer in particular to the present Old Age Pension Legislation. While governments are to be commended for having taken this forward step, we believe that an effort should be made as rapidly as possible to put this scheme on a contributory basis.

THE ACTING CHAIRMAN: We will adjourn now, to resume at 2.30 p.m.

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AFTERNOON SESSION

The Commission resumed at 2:30 P.M.

THE ACTING CHAIRMAN: Will you proceed, Mr. Mutchmor?

REV. MR. MUTCHMOR: Mr. Chairman, we had completed that introduction ending on page 4. The first section is on the Planned policies. Most of these references are to the national unemployment commission report, the final report of that commission, and I do not think that I need to take your time in referring to them in detail.

Then we go on to the two references that we make as far as the matters of social security that we have studied are concerned. The first is unemployment insurance on page six.

"Canada is one of the nations with no plans of contributory social insurance, except its provincial Workmen's Compensation Acts. Factors relevant to this lack of progress are the comparatively recent growth of our industry, the availability until 1920 of free land, and the extensive construction and mining developments on the frontier. These conditions of pioneer and post pioneer life provided opportunity and work for a large part of our population and early developed a virility and independence of spirit that was averse to such plans as social security legislation.

It should be noted also that a measure of our need for social security has been met by a partially developed relief program, plus such statutory forms of social assistance as non-contributory Old Age Pensions and Mothers' Allowances.



Major social changes have occurred recently. In the past two or three decades railway construction has decreased and free land grants are no longer available. Unemployment in industry is now a more serious matter since industry itself has grown ten fold in the past quarter century. The experience of the present eight year depression with its added tragedy of drought in large agricultural areas and the consequent need of public relief expenditures of nearly one billion dollars has served to make the public of Canada desirous of some constructive plan of co-ordinated contributory social insurance.

We set out the major principles:

1. It cannot be too strongly stated that social insurance, while complementary to a constructive plan of public relief, must never be confused with it. Insurance plans must be arrived at with mathematical accuracy and all contributions and benefits must be based on principles and procedures that are actuarially sound. The 'universally acceptable doctrine of mutual help' coupled with the 'possible cupidity of the employee, the dissatisfaction of the employer and constant pressure of the politician' is too nebulous a philosophy upon which to base a sound insurance scheme.
2. We recognize that an unemployment aid plan is necessary in order that help be given to those who are not insurable risks. Non-contributory insurance is a misnomer. The view that the 'rich may be soaked to care for the poor' is at best a partial truth. Insurance procedures are only possible when direct contributions are made by



potential beneficiaries. A sound social philosophy must include not only the idea of maximum limitation, a recognized principle for a steeply graded income tax, for example, but also the equally important idea of the minimum requirement. We believe that each citizen must bear some share of the common load. This makes it essential that the contributory feature be included in any social insurance plan.

3. In any social insurance plan, the responsibility of the individual must be retained. Each claim for benefit must be established in a definite way and its certification and supervision provided for.

We set out the findings and recommendations, some of which are taken from the National Employment Commission Report. The first one needs no enlargement.

2. The experience of Great Britain and other countries proves that small weekly pay roll deductions do not affect adversely the employee's standard of living. They do enable him, however, to contribute to a fund, payments from which reduce considerably the suffering consequent upon unemployment.

3. We believe it has been demonstrated that part of the cost of unemployment should be a direct charge upon industry, to be included as one of the costs of production. We favor, therefore, a plan whereby regular weekly contributions, equal to the pay roll deduction contributions of employees, be made by employers."





Here is probably one of the most important in this list as far as we are concerned. We studied three methods at least that are proposed, and we make the following finding:

"We have considered the three contributory methods, namely the Roosevelt plan where all the payment is made by industry, the English plan of 1/3 payment from the state, employer and employee and the proposed Canadian plan of 2/12 state, 5/12 employer and 5/12 employee. We think the employee and the employer should make direct contributions and further are of opinion that the proposed Canadian ratio is more applicable to this country, because; industry is not relatively so extensive here as in England.

That is brought out in that Point 1, where we said that 75% of our industrial population is in cities of 75,000 or more. That is as far as employment in the larger cities.

"We think that any unemployment insurance plan should come into effect on a relatively small scale. It should be operated first in those industries where employment is more steady and regular. Progress should be made slowly and surely - moving from the known to the unknown.

A careful study of prevailing schedules and the proposed unemployment insurance benefits reveals the fact that the difference in favor of insurance is hardly sufficient to make it as attractive as it should be. We recommend first: Benefits ought not to be so high as to lower work inducement, or so low as to be little if any



better than prevailing relief schedules. Second: That those employed in industry be urged to continue other types of benefits such as offered in various forms of company and group insurance and in most trade union benefit plans; it being recognized that whereas the 'Means Test' is applicable to relief it is not a factor in unemployment insurance.

Now, Mr. Chairman, on Point 6, I have not the documents here to read from but I had the figures recently from 'The London Times' that indicate that in Great Britain they have saving schemes that aggregate over seventeen billion dollars. These are in friendly societies, in mutual benefit schemes, trade union plans, and a variety of other plans well known to you and to the experts who are advising you.

We did have a very liberal plan of government annuities in this country, as you know, but the rate has recently been increased. We have no recommendation on that point but we are rather of the opinion that the pressure from the commercial companies resulted in this increase.

Now, I know that no government plan should be made to benefit the people who do not require that type of benefit, but it does seem to me that there are a number of low-paid wage earners in this country, who could still get a more than average type of annuity, I mean a more favourable type of annuity, than the present average business type, from the government of this country, and thus thrift would be encouraged. And the point we want to make in that No. 6, in the second paragraph, is that in addition to unemployment insurance, the worker be encouraged to have a supplemental scheme for savings, such





as has been in operation for many years in Great Britain.

"We are of opinion that, in some instances, the records of governments in Canada do not inspire confidence as far as the care of trust funds is concerned. We recommend therefore that the Unemployment Insurance Reserve Fund, if as and when created, be protected by the most carefully devised legislation to the end that administrative 'raids' on such trust money be prevented.

We recognize certain dangers in the operation of the proposed insurance plan, namely the possible use of it by the employer to finance a 'labor pool' and the temptation of the worker to become a malingerer. In this connection we recommend that the present system of employment exchanges be regarded as of paramount and essential value to any Unemployment Insurance scheme. English experience in this regard provides us with an excellent example of successful labour exchange operation.

In the National Employment Commission Report on page 93, there is a diagram which sets out the percentage of placements made by the employment service of Canada, and if one looks at that it is quite obvious that most of the placements have been in construction and maintenance work, farming, logging and domestic services.

I recall, sir, that during my college years I worked on the railway construction and the employment agency used to be called a 'man-catcher'. And it was in part to overcome the bad features of the private employment offices that really did catch these fellows and bring them up on the grade, and to partly provide for the employment of domestic services and of farm help



brought out by the immigration department that this type of employment exchange was set up in Canada.

Now, in this study, we found this out from the men, who are employers and employees, namely, that in the cities of Canada, in most of the industries, very little use is made of the present employment service. They might go to it to get a person to sweep up the factory. They might ask them for a boy to run errands, but when it comes to the skilled and semi-skilled help, they do not look to our employment exchange. I think that will doubtless have your very careful attention. It seems one of considerable importance in any unemployment insurance plan.

The last item is this:

"In the section of our brief in which we state our views regarding Unemployment Relief, reference is made to the need of a non-partisan National Employment Commission. We think that if such a Commission is appointed it should have administrative control of unemployment insurance and employment exchanges. Indeed, we believe that 'all measurable industrial hazards falling within the domain of statistical analysis could be centralized' under such a commission.

In that connection we understand that New Zealand has done much better with its relief problem than we have, because they have worked under such a non-partisan commission.

The last section is unemployment aid, - a most difficult subject, as we discovered.

"We present this memorandum on unemployment aid because we believe the realities of the present situation require the constructive study



of this subject. It should be understood, however, that this statement does not represent the whole view of our church. We cherish the ideal of the Kingdom of God and believe in and work for its progressive realization on earth. We therefore reassert our judgment that radical changes in the present system of things are unavoidable because we believe that want in the midst of plenty cannot be defended and that the inequitable distribution of wealth cannot be justified.

Now, we go on to make the following divisions:

"First : General.

Public relief has been occasional, generally haphazard and spasmodic in character. Attempts to meet this problem have been characterized by wasteful and temporary expedients with a considerable amount of duplication as between governmental units. No definite plan was set out in any pre-confederation legislation and the British North America Act itself contains no clear and constructive guidance.

We refer, then, to the Elizabethan poor law and the responsibility of the municipality as a unit of major responsibility, and to the first Federal grant in, that should be 1921, instead of 1931.

Then we come to September, 1930, "unemployment relief was recognized as requiring a national emergency measure and the cost of this ambitious scheme" - we would underline those words - "of this ambitious scheme" - "was assessed, in the first instance, equally on federal, provincial and municipal governments. The federal government accepted a larger percentage for such relief work





as the building of the Canadian National Highway and so on."

The next paragraph, we think, is a fair observation of our country's situation.

"The geographic character of relief procedures should be noted: In the Maritimes the tendency has been to place the chief responsibility on the municipality, which, in turn generally appealed to voluntary agencies. From the beginning, Quebec has regarded the Roman Catholic Church as the great almoner of charity. Until pre-war days, Ontario followed a middle course, in part voluntary and in part public, in its relief organization. In Western Canada, the major responsibility for relief work was placed on the municipality which, in turn appealed for and received provincial aid. The increasing tendency in the provinces west of the Great Lakes has been to insist that public bodies care for all forms of relief.

Our findings and recommendations:

"1. We have studied the interim and final reports of the National Employment Commission. The fact that this Commission expresses three different views, namely the interim, and the majority and the minority final statements regarding the relative responsibility of the federal and provincial and municipal governments for the financial and administrative duties involved in Unemployment Aid is clear proof that the problem is a most difficult one. We make no recommendation as to the unit or units of major governmental responsibility. It is our judgment, however, that the financial and administrative functions in any sound plan of



Unemployment aid must be united in the same governmental authority. Nothing but chaos will result if one government provides too large a proportion of the funds that another unit of government expends.

2. It is our considered judgment that motives of political expediency have entered increasingly into all forms of governmental relief. While we recognize that the voting of money is a primary responsibility of an elected body, we urge that the giving of relief be not the sole responsibility of elected representatives.

We recommend that in major centres, at least, unemployment aid be expended through a public welfare division operating under the control of a public welfare commission consisting of elected representatives and citizen members.

3. We are informed that the 1920 and 1931 decennial censuses<sup>1</sup> and 1926 and 1936 prairie censuses<sup>1</sup> returns show no decrease in the per capita of population employment. We understand further that approximately 1800 of the 4299 municipalities in Canada have received no relief money through federal grants in aid.

We are of the opinion that the average municipality can carry its relief burden in normal or depression periods. Two municipal variants should be noted: First, the municipal unit that becomes insolvent in a depression period; and Second, the municipality which through fortuitous circumstances escapes or by means of high building restrictions or other expedients avoids the relief question."





I would like to say just a word about that latter group. I do not mean the fortuitous circumstances but I mean these urban or suburban areas where the high building restriction method is used to dodge the relief tax as far as property is concerned. We have not a great many wealthy people in Canada, but an increasing number of them are beginning to live in places like Westmount, Montreal West. I believe: here in Ottawa the place is Rockliffe. In Winnipeg, as the place I know the best, it is Tuxedo. I do not know anything about other urban centres, but this tendency for wealthy people to go to places like Forest Hill, in Toronto, and thus escape taxes for relief in their urban area, is a matter that I think calls for some very definite attention, because it means, as we point out here in this next paragraph in our recommendations, that the poor are compelled to care for the poor. The municipality that I think of as a good illustration of the poor caring for the poor is a municipality like Brooklands in suburban Winnipeg, where all the people are poor. Now to ask a municipality like that to care for its burdens is asking too much and we think in connection with these two variants, that is the one that cannot meet it and the one that dodges it, the following action should be taken.

"We recommend that the federal government recognize these variant municipalities and so plan our relief procedures that the poor may not be compelled to care for the poor. To this end we urge that the English plan, whereby the incidence of the relief burden is equalized, be studied, so that its adaptability to our Canadian problem may be determined. Federal grants, if not in excess of 15% of the total national expenditure,



might be distributed so that no municipal unit would be compelled to assume a relief burden greater than it could bear.

4. Regarding municipal relief and the financing of same, we make the following recommendations:

(1) We urge that relief schedules be at least equivalent to a standard of living recognized as adequate by our medical authorities.

(2) Recognizing the increasing deterioration of character and morale, we recommend that the most scientific case work procedures favored by the Canadian Association of Social Workers be adopted and further that such voluntary agencies as the Church, Service Clubs and other organizations be requested to co-operate with public relief bodies so that the morale of our people may be strengthened.

(3) We recommend that the Means Test and other investigatory procedures used in England be studied to determine if they are applicable in Canada so that our relief lists will include only those in need and deserving of help.

(4) We recommend that the insolvent municipality be administered by its provincial authority.

(5) We recommend that a plan be put into effect whereby Dominion and provincial governments may co-ordinate payments of Old Age Pensions and Mothers' Allowances expenditures with expenditures for relief."

We had a good bit of difficulty on this next recommendation, Number 5. We had conferences with our committees in Saskatchewan, for example, and they expressed some concern over this statement, and yet after



careful consideration we thought we should let it stand in the report.

"5. Farm relief has assumed large proportions in Canada since 1930. It has been expended in all parts of our country and in a great variety of ways. While we recognize the serious emergency in the drought area and instance the voluntary service rendered by the Churches, Catholic and Protestant, in their great efforts of last fall and previous years, as an indication of our desire to serve those in need, we are led to believe that much farm relief has been unnecessary. We recommend, therefore, that careful scrutiny be exercised regarding this phase of public relief.

6. In our judgment, in the eight year depression period, the following serious conditions in public relief have developed:

(1). Many rural families have moved or been moved into urban areas. These families establish residence and become relief beneficiaries.

(2) Many unemployable persons, ordinarily a complete charge on municipal relief, have been transferred to the lists of unemployed, employable persons to enable the municipal unit in question to reduce its payment to 1/3 or slightly more of its normal costs of caring for such unemployable persons.

(3) There is a lack of uniform relief plans for the care of single men. We find that most Eastern provinces have drastically reduced payments in aid, to this group. On the other hand, Western Canada has extended farm employment plans for single men and has also been more liberal in





providing for single men in its urban communities. It is our opinion that such a lack of uniformity may result in the less desirable single persons leaving Eastern Canada for the West, and vice versa the more eager ambitious youth of the West coming East.

(4) Several persons, in occupational and industrial groups, who in<sup>a</sup> time of unemployment would normally return to a small village or subsistence farming, have remained in urban centres and qualified for readily available relief allowances.

7. Consequent upon the above findings, we recommend further:

(1) That the usual twelve month residence qualification be changed to 24 or 36 months and that, - we want to change this 'drastic' action to 'constructive action' - be taken to reduce the number of rural families on urban relief lists.

(2) That a non-partisan National Employment Commission, corresponding to the Tariff Commission be established by the federal government. This Commission would submit suggested regulations, similar to those in operation in England, to the Canadian Parliament. In this way uniform relief procedures would be instituted in Canada. The same Commission would investigate provincial claims for grants in aid and recommend appropriate action to Parliament."

I presume, Mr. Chairman, that your advisory staff will, of course, bring before you the method that is used in Great Britain that we had in mind in framing that resolution, the Unemployment Assistance Act of 1934. And what we especially stress was this: that the British



Parliament has taken time to consider this whole relief question, and then after due consideration and debate has set down the procedures along which this relief is to be administered. Now, in Canada, we have a hodge-podge of various kinds of regulations or semi-quasi regulations or practically no regulations at all.

And we think if we are going to continue to do this work as a nation, as certainly we will have to do, that the sooner Parliament addresses itself to this question and gets some regular procedure of a uniform character such as they have in the United Kingdom, so much the better.

(3) "That the present unsatisfactory condition of the multiplicity of authorities and departmental responsibilities in public welfare administration at Ottawa be resolved by having all such work placed in the care of one department of the federal government.

8. We urge that one of the chief tasks of the Dominion-Provincial affairs commission is the discovery of a more equitable and efficient plan of intra-governmental finance. In this regard we make two suggestions:

(1) The assumption by the federal government of all financial and administrative responsibility for our national Old Age Pensions, as soon as constitutional changes permit.

(2) The assumption by the federal government of what might be regarded as a fair additional proportion of the capital debt incurred by provincial and municipal governments through expenditures for emergency relief measures since 1930.





I would just like to add this word as a conclusion about this Bracket 2. We did have in there originally \$100,000,000 and then we thought that it was no affair of ours to tell the Commission or suggest to the Commission what the sum should be. But we submit, sir, that this is money borrowed from father, and it is not going to be paid back anyway and the Federal government might as well get the credit for looking after its provincial sons while the getting is good and that this would be one way to help the cities, the larger cities. We recognize that the larger cities have a very serious problem due to the things we have mentioned. Now, if we would take off \$100,000,000 of this capital debt, - I mean you do not take it off but you put it on to another part of the taxpayers' pocket. If you would do that you would greatly ease the serious financial situation in our larger cities. And at the same time the federal government, which I have called father in this instance, could see that those provincial sons did not get into this kind of a mess any more, at least, not for some years. And thus we would have an improvement in our urban centres and the Dominion government would be doing something, which in the future they will have to do anyway, at least, we think they will have to do it, and so we make that suggestion.

"We recommend that the acceptance of such financial responsibilities by the federal government should result in the reduction of current federal grants in aid for unemployment relief."

All of which is respectfully submitted, Mr. Chairman.

The Chairman of our own Commission was the Principal of Victoria College, Dr. Walter T. Brown, who was secretary of the Falconer Commission, 1932 to 1934.



COMMISSIONER ANGUS: Mr.Mutchmor, at page 11, the first paragraph:

"We urge that relief schedules be at least equivalent to a standard of living recognized as adequate by our medical authorities."

I take it that would mean that the relief schedules should cover more than they do at present in many cases?

REV. MR.MUTCHMOR : I do not know, Mr.Chairman.

The relief schedule in Winnipeg a few years ago had four items on it. Now I think it has about thirty or forty items on it. But this whole question of nutrition is being studied by the International Labour Organization at Geneva and is also being studied, as you know, in Great Britain. And there is some very fine material available, and that is as far as we want to go in making that statement.

COMMISSIONER ANGUS: In a wide sense it would cover nutrition, shelter, clothing, and medical services?

REV. MR.MUTCHMOR: Yes.

COMMISSIONER ANGUS: Turning to page 7, paragraph 6: the first half of the paragraph, I think you point out that insurance benefits should be substantially higher than relief schedules?

REV. MR.MUTCHMOR: Well, we might not say substantially higher but certainly higher. We point this out, Mr.Chairman, that if a person is on relief and owns his own home, then of course a deduction is made for that. If he is on relief and happens to get a few days work, then deduction is made for that. But if a person is on insurance no deductions are made, he gets his insurance by rate. On the other hand we heard from our own group, especially in Hamilton, of this difficulty, of the relief and insurance coming together. We studied Mr. Watson's



report, I think, and found the difference was only about \$10 in a month.

COMMISSIONER ANGUS: You say the benefits should not be so low as to be little if any better than prevailing relief schedules, and then the benefits ought not to be so high as to lower work inducement. So I suppose that means that the work inducement of the current wage rate must be somewhat higher than the insurance benefits?

REV. MR. MUTCHMOR: Quite.

COMMISSIONER ANGUS: Do you think that is workable? I put it this way: Would you confine insurance to those occupations in which wages at present are sufficiently in excess of a standard of living recognized as adequate by our medical authorities, to allow you to put insurance benefits between the two, leaving an ample margin in each case?

REV. MR. MUTCHMOR: I know it would not sound very humanitarian to say we should start with the low group, taking in the low paid workers as well as the higher paid, but my own answer would be that in accord with the terms in No. 5, starting with a relatively small scale, we should start with those who were sure of those wages and **also** those who receive the higher wages. They would be the better insurable risk. And we would go on from there to the less insurable risks.

In this connection I have here the report of March 26th of a commission that was studying this matter in the House of Commons in the Old Country. The statement made just about two months ago was that only two to three per cent of the applicants were better off on unemployment insurance than when earning wages. Of course you will get lots of evidence as to this problem, we realize that, but there is a three-column study here on the







problem in the Old Country.

COMMISSIONER ANGUS: I was going to come to this point, that your insurance is established presumably at the time of reasonable prosperity.

REV. MR.MUTCHMOR: Much better if it is started at the beginning of a good cycle.

COMMISSIONER ANGUS: Yes. And then the insurance benefits are fixed actuarially in accordance with payments made and they are to be somewhat less than the wages.

REV. MR.MUTCHMOR: Yes.

COMMISSIONER ANGUS: How about the case of wage reductions in the period of depression? That is to say unemployment is likely to occur at a time when wage reductions are taking place, and if that happens, would it not be very easy to destroy the advantage that you have expressed the desire to obtain?

REV. MR.MUTCHMOR: Well, Mr.Chairman, Great Britain has come through this very well. Of course they had that deficit of one hundred million pounds revealed by the Commission report, but since that they have accumulated a surplus of sixty million pounds, which just leaves forty million pounds in the red.

COMMISSIONER ANGUS: That is true, but there were very few ways of reduction in Great Britain because of the depreciation in value of the pound. I mean the money rates could be paid and they were merely something less than would have been the case if they had kept the pound at its former value. Ordinarily might you not have a wage reduction, a reduction in dollar wages per week in the depression period, and might not that eliminate any margin between wages and these insurance benefits?

REV. MR.MUTCHMOR: I recognize it is a real problem, Mr.Chairman, as you do. It is a case of the one being



statutory, of course. That is the insurance rate would be statutory or fixed by government regulation.

The other would be fixed by the demand and supply I suppose of the labour market. My only answer is that in Great Britain they have worked this thing out fairly well. I do not see why we cannot do it.

COMMISSIONER ANGUS: Then I want to come to another point. At page 9 at the end of the first paragraph you say "The inequitable distribution of wealth cannot be justified". Going back to page 3 I think you make the point that taxation must not be carried so far as to disable people from voluntary social work, they be left free to give, in your own words, I think you spoke of the demoralizing effect of payments to poorer groups, when some contributory scheme might be used. Now, what I am suggesting is this:

In the case of voluntary charity and for the preservation of the self-respect of people by not giving them hand-outs, when you might give them insurance, is there not sort of an assumption there that the present incomes are justifiable?

REV. MR. MUTCHMOR: You mean the present income?

COMMISSIONER ANGUS: The present incomes which are available.

REV. MR. MUTCHMOR: Oh, you mean the present incomes which are available?

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MR. MUTCHMOR: Well, our view, is given on page nine of the brief. At this point, we deal with the inequitable distribution of wealth, but I think that I can put our view in a few words. In this country, we have the situation that about 2 per cent of our population actually control about 80 per cent of our capital wealth. We do not think that is very equitable. We do think that any plan which will lead to a more equitable distribution of the income, the current income, through social security plans, is very desirable. It would tend to iron out that very great difference between the extremely rich and the very poor. At the same time, we realize that there are certain dangers of demoralization when a man gets something for nothing.

COMMISSIONER ANGUS: You would not use the consideration on page three of your brief as an argument against greater taxation on successions or greater taxation on income?

MR. MUTCHMOR: No, we would not. We would like to see the income tax collected at the source. It would be a great help to our people. We have thought that an income tax collected at the source would be a distinct advantage, then if people should live in the Bahamas, we would be able to collect the tax here.

COMMISSIONER ANGUS: Does not collection at the source <sup>be</sup> mean that the rate must not/very steeply graded, I mean, is it not easier with a fairly steady rate?

MR. MUTCHMOR: Well, it is collected at the source in Great Britain. Certainly, with our mining dividends, if we could collect at the source we would make much larger collections.

COMMISSIONER ANGUS: What I mean is this, if the standard





were fixed at 27½, as it is in Great Britain, you could ask a company to pay it because you would be sure that all would be treated alike and the company would not care what you took.

MR. MUTCHMOR: I would not bother with any more than the top three or four hundred. We could get it from them and let the rest go.

COMMISSIONER ANGUS: You mean you would send around a list of rich companies to those companies and say their tax would be deducted at the source?

MR. MUTCHMOR: Yes, I would get them first.

COMMISSIONER MacKAY: Much of your brief, Mr. Mutchmor, seems to me to be founded on the assumption that the present jurisdiction between the provinces and the Dominion could be continued and we could get along with our financial relations?

MR. MUTCHMOR: Yes, that is so.

COMMISSIONER MacKAY: You think it is better to give the Dominion the complete responsibility as to the relief of unemployment, as the National Employment Commission recommends in its report, do you not?

MR. MUTCHMOR: As I said before, the National Employment Commission's recommendations may be divided into three types.

COMMISSIONER MacKAY: The majority of the recommendations are in the final report.

MR. MUTCHMOR: Yes, and I think our view of that matter would be this; so far as insurance procedure is concerned, where it is altogether a business matter which could be handled very well from Ottawa, these financial and administrative aspects might be entirely federal. However, when you come to relief whether it is in the form



of situation relief or mothers' allowances, it would be considered to be a municipal relief situation. We think that the people who administer it should be close to those who are to benefit thereby. I might say that I had two or three years' experience as chairman of the mothers' allowance committee in the province of Manitoba. From administrative experience I would say that it is very efficient to have the control as close to the beneficiary as possible.

COMMISSIONER MacKAY: Is that divided? Sometimes where you have a tremendous number on relief--at least, it was put up to us in Winnipeg that the number of unemployed was so great that the city council was in very great difficulty to withstand the pressure.

MR. MUTCHMOR: Well, of course, there you have relief administered by these representatives elected by the people. This one of the problems urged by us. We recommend that in the larger centres there should be a relief commission, a number of whom would be citizen representatives and not dependent upon the vote of the relief recipients.

COMMISSIONER MacKAY: You would think there would be no idea of voting political favours?

MR. MUTCHMOR: I know the citizen members are in for two or three years and then they are not, but we have to face this problem. It is a problem of human nature, which is the same no matter what you recommend.

COMMISSIONER DAFOE: The effect of this brief, it seems to me, is to put the entire responsibility on the municipality, is it not?

MR. MUTCHMOR: Yes, I suppose that is so.

COMMISSIONER DAFOE: You think that the municipality-- in fact, you say so, "We are of the opinion that the average



municipality could carry its relief burden in normal or depression periods:" that is, it could carry it all the time.

MR. MUTCHMOR: Yes, that is so.

COMMISSIONER DAFOE: Then, you drop back to welfare bodies, would there be any other municipal welfare board?

MR. MUTCHMOR: No, we are saying that in the broader sense. We are thinking of the major centres.

COMMISSIONER DAFOE: Just the major centres, is that it?

MR. MUTCHMOR: Yes, that is correct.

COMMISSIONER DAFOE: It was suggested here yesterday, that there ought to be welfare areas. One might combine a considerable number of municipalities other than metropolitan districts, in that area. Then, this welfare board which would be somewhat along the lines you suggest would administer welfare in that area, with some equalization of revenue, would that be in conflict with your view?

MR. MUTCHMOR: Yes, we believe equalization could be left by our system, to the government, itself. In paying the 15 per cent grant-in-aid, it could be given proportional form and the municipalities which were poor would get a larger amount than the wealthier ones. So far as the larger administrative unit is concerned, Dr. Dafoe, I believe you know of the experience of the Department of Education in Manitoba when that department attempted to link 16 trustee boards into a larger board. The opposition to that was tremendous.

COMMISSIONER DAFOE: Well, this would be just for the purpose of relief. The suggestion was not that the municipalities should be merged, but that there should be in most of the municipalities, a welfare board which, I







think, would be able to engage and train social workers . We are bound to have an elected council look into the matter, and then the objection you noted concerning the elected representative applies.

MR. MUTCHMOR: I would think that the larger area would be a more efficient one. The administration could be partly citizen and partly elected.

COMMISSIONER DAFOE: You seem to skip the province very well in this presentation. The Dominion would be giving grants and laying down conditions upon which the monies could be used by the municipalities.

MR. MUTCHMOR: Well we say, Mr. Chairman, that the province and municipality are one, in our consideration, because the municipality is the child of the province under the British North America Act.

COMMISSIONER DAFOE: If you give to the province, then you would have to depend on the province to distribute it?

MR. MUTCHMOR: But if you had a central board in Ottawa, it might deal directly with the city. I would think that would be the most desirable way.

COMMISSIONER DAFOE: The Dominion would have no power, except the power of withdrawing the grant if the orders were not executed, would it?

MR. MUTCHMOR: That is all the power it would have, but it is a very effective power.

COMMISSIONER DAFOE: I am wondering whether some of the representations of the municipal units which we have heard recently are not quite valid. I am thinking particularly of the representations made by Mr. Biggar of Montreal. In a general way, he pointed out the confliction the bad feeling and suffering resulting from the large



metropolitan area trying to build a wall around itself to keep the people out. He said they had a force in Montreal of some sort of officers to keep the people out. Whenever these people came in, they were either supported by voluntary charity or they would starve. If you put it on the municipal basis, there is this tendency towards grievances between municipalities. One municipality would have a grievance against another municipality whose members or residents come in. Really it is hard to see how you can stop these people from coming across the municipal border. They cannot starve and that is possibly one of the arguments for the larger units of government to administer relief. It seems to me to have some cogency. Have you any views upon it?

MR. MUTCHMOR: Well, Mr. Chairman, I have felt myself in difficulty two or three times for having been so specific about Winnipeg and Greater Winnipeg in my remarks.

The way I look at it is this; We had great difficulty in the mothers' allowance administration in compelling the mothers in receipt of an allowance to remain within the municipalities to which they belonged at the time of their husband's decease. We very rarely permitted any one of them to move. We did allow one woman to move because her husband had committed suicide and we allowed her to take up residence elsewhere because of the memory.

We did allow another woman to move and live in Winnipeg because she fell in love with a young man in Winnipeg. We do make exceptions in that way, but they are very few. I believe that the answer to the question lies in the work of the secretary-treasurer of the municipality concerned. They can work out this question as they have worked out





others. After all, these families become rather well-known. I mean, the kind of person who would rather move than pay rent becomes rather well-known. Once they are recognized, they can be looked after. I think this about the large municipalities like the City of Winnipeg; it will raise a lot of objection before it will allow a small town like the one from which I come, to tax its T.Eaton store and its Hudsons Bay store. It would rather let the poor municipality buy its supplies from these stores and make the money from the taxation of these stores itself. If a small town tried to touch this source of revenue, Winnipeg would soon say, "No, you cannot touch it." The interesting part is this; whereas, during the past eight years the big city of Winnipeg has gone constantly into debt because it could get money at the Bank of Montreal--at least, I presume this is the reason--the poor municipality from which I come has been going out of debt. Many other small municipalities are doing the same. These municipalities did help themselves out. These municipalities did not have the borrowing power and so kept strictly on their budgets. They kept it balanced.

COMMISSIONER DAFOE: I am just wondering whether with their limited taxing power and the difficulty in the transient movement, whether the municipality is really the best unit.

MR. MUTCHMOR: Well, in Great Britain, it is overcome, by saying to a town like Bournemouth, "You have plenty of money here, so you will get very little from us." However, they might say to a poor section near London, "You come at the upper part of the scale so far as help goes".

COMMISSIONER DAFOE: You say here, in one place, that any attempt to equalize will result in a weakening of the rich municipality and in a raising of the poor municipality,





when it received all its relief funds from this Dominion fund?

MR. MUTCHMOR: Well, Mr. Chairman, it would get no more than the 15 per cent. If it became insolvent, it would lose its municipal status.

COMMISSIONER DAFOE: If it got more than 15 per cent?

MR. MUTCHMOR: It would become unorganized territory the same as we have some municipalities in the northern part of Manitoba which have become unorganized territory.

COMMISSIONER DAFOE: Just let me understand this. If the municipality cannot pay 85 per cent of its relief costs, it is to be termed as insolvent, is that it?

MR. MUTCHMOR: Yes, that is correct.

COMMISSIONER DAFOE: I wonder if many cities in Canada would be able to comply with that condition? Winnipeg could not, I do not think.

MR. MUTCHMOR: I think, Mr. Chairman, if it had to, it could..

COMMISSIONER DAFOE: Well, that is a nice view to take.

BY MR. ST. LAURENT:

Q. On page 2 there is a general statement made that the group believes in the democratic form of government is the most desirable form of government for the Canadian people. Is not the suggestion with respect to relief administration and other social problems, that it may be necessary to eliminate the operation of the elected representative, rather a reflection upon the recommendation concerning the democratic form of government? A. Mr. Chairman, in the old Greek city, each citizen had a place of responsibility. He took it gladly. I think that is the very essence of democracy. When citizens, as citizens, without



going through the routine of an election, offer themselves for voluntary service, it is a major contribution. That is what we mean by combination

Q. A combination of gentlemen who offer themselves for the service and who would have equal responsibility and control with the elected representatives? A. Yes, and it is quite democratic.

Q. Then, on the same page, there is a statement, "We deplore any legislation which would bar citizens from having free access to courts of justice." What do you mean by that? A. Well, as I mentioned in reading this paragraph, we had in mind, the power of disallowance under the B.N.A. Act. To be quite frank, we were worried about the act regarding communistic propaganda in the province of Quebec. At the same time, we thought this a much more positive ways of submitting our views. That phrase, "Would bar citizens having free access to the courts of justice", is, we think, involved in the so-called 'padlock law' in Quebec. We think once again of the methods adopted under section 98 of the criminal code. We feel that it is reviving our experience under section 98 of the criminal code. At that time, we believe the citizens in this country did not have their rights in court. We thought of the men seized in the night in the city of Winnipeg and taken down to the city of Halifax for trial.

Q. It has nothing to do with the costs of the administration of justice? A. No, not a thing.

Q. Merely the exercise of any form of restraint for the purpose of repression of political opinion? A. Yes, that is correct.

Q. That is all that is involved in that statement?

A. Yes, that is correct.

Q. You told us you had been for some years, Chairman



the mothers' allowance board in Manitoba, did you not?

A. Yes, that is correct.

Q. And that you had found, from your experience, that it was extremely desirable to have the administration rather close to the recipients of the allowance? A. Yes, that is correct.

Q. Would that not apply, in the same way, to the old age pensions? A. Well, so long as the old age pensions are non-contributory, it would apply, but you will notice our recommendation says,--it is at the end of the brief. We say, 'as soon as circumstances, at any time, permit. I should have added there, "As soon as they become contributory."

Q. As soon as they become contributory, because so long as they remain a free benefit, they should be in the same class as mothers' allowances, is that it? A. Yes, otherwise it would be a contradiction.

Q. We were given certain statistics that in the province of Quebec, for instance, the old age pensions are now being paid to 46 per cent of the persons having reached the age of 70 and in Alberta the figure was 33 per cent. Would that seem to be a high figure to you? A. I think the present administration of the old age pensions is full of varying weaknesses. Now, for example, in the province of Manitoba, and the same is true in the province of Ontario, we are spending more to see old people through the last stage of life---I mean that with all deference to age--we are spending three times as much as we are spending for widows and orphans under the mothers' allowance Act. In northern Ontario, I do not want to differentiate, but as a matter of fact in those communities there are a number





of people receiving pensions--I do not say anything against them, but I know of several cases where a man and a woman are in receipt of a pension, own their own home, have their own cow and have become the capitalists of the area. Once every three or four weeks, one hears of these old men being beaten and robbed because they have this money under the mattress, or some other place like that. The fact is, that this is all money actually given to them by the taxpayers.

Q. May I take it that it is your belief that there is more being paid out for old age pensions than there should be under proper administration? A. Yes, very emphatically.

Q. Substantially more? A. Yes, I would say substantially more.

Q. Even with the increase you mentioned as being a possible increase, this morning? A. These possible increases, Mr. Chairman, are not due to any increase in the rates. They were due to an increase in the number of people who would be getting older, the group which would become beneficiaries.

Q. Is it your view that there should be a more rigid means test applied to those people applying for old age pensions? A. Yes, and we should move as quickly as possible towards a contributory old age pension system.

Q. When you had a contributory old age pension, would that be a pension of the kind that would be on an actuarial basis, mathematically accurate? A. Yes, it would.

Q. But it would not affect those who are becoming old now, would it? A. No, it would not affect those who are becoming old now, but it would affect those who go on the scheme at nineteen or twenty. In time, we would get it on an entirely contributory basis. There are two



schemes carried on in Great Britain, the contributory and the non-contributory. The non-contributory system is gradually passing out of existence as the people die.

Q. What would happen to those people who are not in a position to contribute? A. It is a very complex question, but we think if you only took 25 cents a week from a person, he is able to give it.

Q. That is for the rate of payment, week after week, is it? A. Yes, week after week, from eighteen years on.

Q. Have you given any consideration to the suggestion which was made once or twice to the commission that old age pensions might well be given to all who reach the age of seventy without regard to the man paying at all and sufficient money raised by taxation to take care of it?

A. Of course, I am expressing my personal views on this matter. It was not deliberated upon by our committee. I think that type of argument is, to say the least, impossible. Our age groups in Canada are moving more and more into the older bracket. We have relatively more people over fifty than under fifty and immigration has practically ceased. The birth rate is very low, and so on. I believe that to give a pension to every person over 70 would require a tremendously large expenditure for our young country. The way I look at a pension is this; if you are going to give a person a pension of \$240 a year, then you have to establish a capital sum of approximately \$5,000 for that one pension. If you increase the number of your pensions to all those who are over 70 years, then the total capital sum required to pay that would take a large amount of our national wealth out of circulation. It is altogether out of proportion, and I do not think that it is possible at all.



Q. Is there any suggestion that the amount of \$240 is more than need be? A. This brings us into the very important question of administration. The mothers' allowances in some provinces are administered on the schedule basis, and not on the basis of need as determined by a social worker. The old age pension is a flat rate, and the politicians like a flat rate. It means that John Smith or John Jones gets \$20 whatever he does. It does not matter what he does with it; he might go out and get drunk or do anything. It is easy to talk about on the platform; every man is treated alike. From the standpoint of the social worker, this is quite inadequate. I mean, there are some people who really need \$10 a week, and some who do not really need \$5.00 a week.

Q. This is something, then, which should be determined according to the special condition of the individual recipient? A. Of course it is. Then, I might say that insurance is a mathematical proposition, but so long as it is relief, it should be need.

Q. Those who are not receiving it as a result of a contribution on an actuarial basis--it should be determined on the basis of need, should it? A. Yes, for all those who get it. This is what is called, as you know, the means test.

Q. From the viewpoint of the social worker, you think this is the proper basis, do you? A. Yes, that is correct.

Q. Because you believe it is the only fair thing for the taxpayer, I suppose? A. Yes, that is correct.

Q. I understood you to make some comment in the increase in government annuity rates made some time ago and the suggestion was made, I believe, that the increase was induced by the commercial corporations, Is it not a fact







that there was an inquiry by independent actuaries and it was found that the increase was necessary to make the scheme actuarially sound? A. Yes, doubtless that is true. However, I have always looked upon the Dominion government annuities as a means for encouraging thrift on the part of the people with small incomes. I think the government could well afford to pay a certain proportion to give an incentive. Now, I understand that annuities have been used by some people as a protection when they go into bankruptcy. I believe there is a clause in the annuity which makes it exempt from certain attachments. This is a mis-use of the annuity. I am just thinking of the people with small incomes, as the annuity is very important to them. I do think that the larger insurance companies exercised pressure on that point. However, that is only a personal judgment.

Q. Might it not be possible that they merely suggested that it was being operated on a basis which was not actuarially sound and requested that the matter be investigated.

A. It is obvious to an actuary that it is not actuarially sound. However, I think they went further, and said that they were undesirable from the standpoint of private business.

Q. You think this an insurance which should be on an actuarial basis, is that so? A. Very largely actuarial, but I think I would like to see it more widespread, I would like to see a large number of smaller schemes, benevolent organizations, trade unions, fraternal orders, church societies, such as they have in Great Britain. When you find that people can save \$17½ billion, under these schemes, it is a thing which is worth imitating.

Q. When you suggest that the benefit of the annuity might



be limited to persons with small incomes, would that be brought about by fixing the maximum amount for which an annuity could be purchased? A. Yes, that would be one way.

COMMISSIONER DAFOE: There is a maximum now, of \$1,200 a year, I believe.

BY MR. ST. LAURENT:

Q. Would there be any other regulation which you would suggest for the purpose of keeping it for the people with small incomes? A. In Great Britain, they recognize the poor man as a poor man, but I do not know that we want to get that class distinction in this country. My opinion is that this matter could be worked out very nicely. There are certain arrangements made for poor men in the United Kingdom, but I do not think we should get that social distinction in Canada.

Q. Then, the limitation of the amount would be under the present system, would it not? A. I would think so, but I have not thought about it very much.

Q. Then, on page 9 of the brief, you deal with the relief scheme. Starting with September of 1930, you describe those measures which were enacted to give employment, is it suggested that more is being spent on relief than should be spent? A. Mr. Chairman, we do not go beyond this paragraph as a commission, but my own view is that when the special session was called in September, when the Act was passed whereby one-third came from the province, one-third from the municipality and one-third from the federal government, two things happened. In the first place, a certain amount of voluntary effort ceased. In the second place, a certain psychology was created throughout Canada that you could get \$1.00 for



thirty-three cents. Many municipalities began spending money in a reckless way, so that it is quite probable that it provided for greater expenditure than should have been made.

Q. On page 10, there is this limitation of federal grants, which are not to exceed 15 per cent of the total national expenditure. Then, while discussing that, I understood you to say that it was 15 per cent of the amount expended by the local area. A. That sentence seems to be in very general form, but if the total amount spent for unemployment relief in Canada in a given twelve months amounted to \$70,000,000, from all, that is federal, provincial and municipal, then the federal grant should not exceed 15 per cent of that sum.

Q. But it might not necessarily be 15 per cent in a given area which might be spent? A. No, that is correct.

Q. It might not be limited to 15 per cent of the expenditure of a given area; one area might get 15 per cent of its expenditure and another might get more, is that it?

A. Yes, that is correct.

Q. Or is your recommendation that 85 per cent should be provided locally? A. We are not clear on that point, Mr. Chairman. I realize that Dr. Dafoe raised that question,

I think the interpretation is that it would be 15 per cent of the federal-provincial aggregate

and that some very poor municipalities might get more. Yet, I answered Dr. Dafoe by saying that if a municipality could not pay its 85 per cent, it would lose its status.

So you have me between two answers.

Q. Is the general view that the local unit should contribute the major portion of relief? A. Yes, it is.







Q. And should have the administration of it? A. Yes, it should have the administration of it.

Q. Your suggestion for putting the municipality in such a position and making it practical would be for the federal government to assume some portion of the debts created since 1930, is that so? A. Yes, we would be strongly in favour of that. We think that is one of the most practical methods of solving the problem of the larger municipalities.

COMMISSIONER ANGUS: I would like to **ask** one question about that. In the case of a municipality which did not borrow for that purpose, to budget its relief costs, would you allow it to get it back?

MR. MUTCHMOR: I guess it would be like the older son in the parable; I do not know what you could do about it.

COMMISSIONER DAFOE: One of the provincial governments, the government of a province which has not had much relief, but has made out fairly well has said that if these municipalities which borrowed a large amount of money for relief obligations had their debts taken over, this province would proceed to Ottawa with a bill for a corresponding allotment to it, so that the possibility would have to be faced.

MR. MUTCHMOR: Of course, the practical argument might be this; you have given this money to this province and you cannot collect it anyway. I have a statement here, for example, Mr. Chairman, from the Saskatchewan group. They expressed an opinion on the happenings out there, which might be of interest. Interest over two years in arrears had been wiped out, taxes were wiped out, relief accounts were wiped out. Then, they go on to



say--I do not know if I can put my finger on the place--  
but they do express a further opinion on the matter. They  
set out that these debts are never going to be paid back  
anyway. I cannot find the reference ,at the moment, but  
I have it here. They do not expect ~~that these debts will~~  
~~be paid to the federal government~~



COMMISSIONER ANGUS: Mr. Mutchmor, I think you will find a similar situation in some cases, that some municipalities paid their relief costs out of income, but withheld sinking fund payments in order to do it, while others kept up their sinking fund payments but borrowed for the relief. Now, there is nothing here to suggest those two should be treated differently.

REV. MR. MUTCHMOR: No, it is a very general statement.

BY MR. ST. LAURENT: Q. On page 12, the first recommendation is that the usual twelve month residence qualification be changed to 24 or 36 months and that drastic action be taken to reduce the number of rural families on urban relief lists. What is the suggestion as to the method of taking care of those who have not the residential qualifications and who are in need? Should that be left to private charities? A. It would be left to private charity, Mr. Chairman, or else the people would have to go back to the municipality to which they belong. This point is covered very well in the report on pages 88 and 89. There has been so much of this movement of population, especially from rural and poor areas to urban and richer areas, that it is one of the chief factors in the larger municipalities having such a burden of debt in connection with relief.

Q. But from your own experience, Sir, have you any suggestion which you might make to the Board as to what might be the constructive action to take in order to reduce the number of rural families on urban relief lists? A. Well, the way the average rural family gets on the relief list is they move into the City say about the month of October, they have some little money from their summer work; that carries them on for a while. The Church in the area where they reside helps them, maybe some voluntary organization steps in, or perhaps some relative. Now, by hook or crook they get along





for twelve months, - it is difficult, but it can be done. I do not think it could be done for twenty-four months or for thirty-six months. It would be very easy for a municipality to go back over its records and find those who qualified after that twelve months residence and say to them "It is too bad, but you belong to the municipality of A., B, or whoever it is" and send them back there. And I think the provincial authorities should be used to help the municipalities to do that very thing.

Q. And as to the method of inducement, the withholding of relief until they got back to their municipality of origin?

A. Yes.

Exhibit No. 383. Brief of Board of Evangelical and Social Service of the United Church of Canada.

EXHIBIT No. 384. Pamphlet entitled "Christianizing the Social Order".

EXHIBIT No. 385. The Report of the Oxford Conference.

THE ACTING CHAIRMAN: Thank you very much, Mr. Mutchmor. We have been delighted to hear from you. The next is the Canadian Legion of the British Empire Service League.

MR. FOWLER: It will be presented by Colonel C.B. Price who is accompanied by Brigadier General Alex. Ross, Major M. F. Gregg, Mr. J.R. Bowler, and Mr. J.O.G. Herwig.

COLONEL PRICE: Mr. Chairman and Gentlemen, may I first express our regret that Colonel Foster, the Dominion President of the Legion, who had intended to present this brief personally, has been unable to get away from Vancouver, so we are very fortunate in having with us General Ross who is the immediate Past President of the Legion, and whose work as President for the past four years has done so much to make us a strong, united organization.



Through a misunderstanding on the part of the official reporters, the second paragraph of the opening remarks of Colonel Price were not recorded. It was thought that he was reading from the printed brief.

Kindly insert this page in the record of proceedings for May 26, 1938.

- - - - -

In appearing before this Commission at this late date the Canadian Legion of the British Empire Service League appreciates that it is now very difficult, if not impossible, to adduce anything new touching the matters within the scope of the terms of reference. Our purpose is simply to advise the Commission of the considered views of our Membership on certain principles which we consider to be of importance. In preparing this statement we have sought to ensure that the principles enunciated have the support of our Membership generally. In January last, we held our Biennial Conference at Fort William when the matter was thoroughly canvassed and certain principles agreed upon. The views expressed were then embodied in the brief which we now present but before this statement was formally settled it was again submitted to all our Provincial Councils which have had it under consideration and eight of these have given unanimous consent to its presentation. The Province of New Brunswick has not concurred, but in not concurring, they stated that their non-concurrence does not necessarily imply non-agreement, but they doubt the desirability of an organization such as ours making any statement in connection with matters of this description. I mention these matters in order that the Commission may understand that this document is not the product of a few, but every effort has been made to ascertain the viewpoint of the Membership of one of the strongest National Organizations in Canada.



The first paragraph of our introduction reads:

"The Canadian Legion of the British Empire Service League desires to avail itself of this opportunity for making certain submissions to the Royal Commission touching constitutional questions in Canada. We come before the Commission as a well organized National headquarters, with equally strong and well organized headquarters in each Province, and with 990 active Branches situated in every part of Canada, we can claim to be in a position to reflect the view point of a large and diversified membership representing every section of our National life."

In the next paragraph we compare the growth of our organization with that of the Dominion, and say that in some respects, our history is similar to that of our country, and that we believe that the non-partisan, non-sectarian character of the Canadian Legion enables us to express an opinion on the matters dealt with. We quote from our charter:

"The Legion shall stand for loyalty to the reigning Sovereign, Canada and the British Empire, for maintenance of the foundation principles of the British Constitution, for the development of a National and United spirit and for ordered Government in Canada." Then the next paragraph:

"Such being the principles of our organization we feel it incumbent upon us at this time to speak as a National organization in regard to these matters as to which we have pledged our support and which we conceive to be within the terms of reference of the Commission. We desire, therefore, to make representations relating to National unity and the preservation of the foundation principles of the







"British Constitution and ordered Government.

## II. NATIONAL UNITY

We accept as fundamental the declaration of the preamble of the British North America Act, -

'Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united into one Dominion under the Crown of the United Kingdom of Great Britain and Ireland with a constitution similar in principle to that of the United Kingdom,' and stress the word 'UNITED' which has for us a peculiar significance. We recall that at the outbreak of the Great War, Canada could in no sense be described as a military power and certainly was not prepared for warfare according to modern standards. But we do remember that, as all matters of National Defence are beyond question centred in the Federal Government, and as also, by judicial interpretation, in times of National emergency so-called provincial rights are subordinated, in the war emergency Canada was able to make a contribution which stands as a matter of historical record. From the outset, until the termination, the whole of the resources of the country were effectively mobilized and utilized in the National effort and to this is due, in a very large measure, the effectiveness of our military contribution because the morale of fighting troops is affected to a very great degree by the support of the home front. To the very end the Canadian Corps was sufficiently reinforced and adequately supplied, with the result that it was at all times an effective fighting force animated by the highest morale. To us it seems that these results



"would have been impossible with any divided control and if we had been dependent upon Sectional and not National effort. High morale in peace is no less necessary for Canada.

It is with this knowledge that we feel impelled to make our plea for UNITY and to withhold our support from those forces which would tend to develop nine sovereign states owing doubtful and grudging recognition to a central authority of limited power. As we view the events of post-war years and realize how the lessons of these war years have been disregarded while sectionalism has developed, we are frankly disheartened and dismayed and while we know that this Commission is only a fact-finding body with power of recommendation we come before you with the hope that you may find it possible to make recommendations which will tend to strengthen the National Government, with the Provinces equitably provided for, and thus tend to the development of a Nation with Unity as its keynote and high morale as its inspiration and not simply a loosely knit confederacy.

### III. DIFFICULTIES TO BE SURMOUNTED

Proponents of either view, that is, those who favour a strong National Government equipped with power to expand its jurisdiction to meet changing conditions, as distinguished from those who insist upon protection of so-called Provincial rights, can each build up a strong case by reference to the steps leading to the passing of the British North America Act and to the written and oral statements of those responsible for that measure. On the one hand, it will be found that almost invariably, in all such statements, reference was made to the necessity of uniting the colonies to constitute a



"great Nation with a strong central Government."

We then quote from speeches by Sir John A. MacDonald, and the Honourable G.E. Cartier, dealing with the intention of the Dominion at the Quebec Conference, that Canada should be a United Nation with a strong central authority.

"Having regard to the fact that the security, to which the Hon. Gentleman refers, was originally the subject of a Military agreement between gallant soldiers of opposing armies, we as ex-service men would be the last to quarrel with the statement; and we would most sincerely desire that those rights should be fully and adequately safeguarded by the Constitution of our Country. But as almost invariably happens, when general legislation seeks to deal with a local problem, difficulties inevitably arise which were not contemplated. It should be a matter of consideration whether it is not possible by careful draftsmanship to adequately protect these rights and yet terminate the unceasing controversy as to encroachment which has resulted from the formula adopted at the time of federation; and which has, perhaps, resulted in an extension of Provincial rights never contemplated, and, from the standpoint of National unity, perhaps not desirable."

In the final paragraph on this page we discuss the difficulty of determining contractual rights as contemplated by the framers of the British North America Act. We go on to say at the top of page 4;

"We consider that the time has come to re-consider the whole situation. Subject to rights of a treaty or of a contractual nature the Confederation document should be re-cast in light of experience and in light of modern conditions and not necessarily with





"too strict regard to the original intent. It has served its purpose for seventy years in which the world has seen unprecedented change and development. When framed, those responsible had, for their inspiration, the principles of the unwritten British Constitution, which changes with changing conditions, and for their guidance the Constitution of the United States. Of the latter, MacDonald said, -

'I consider it a marvellous exhibition of human wisdom. It was as perfect as human wisdom could make it and under it the American States greatly prospered until very recently; but being the work of men it had its defects; and it is for us to take advantage, by experience, and endeavour to see if we cannot arrive by careful study at such a plan as will avoid the mistakes of our neighbours.'

and then he goes on to refer to the obvious disadvantage of State Sovereignty, as he conceived it to be.

We submit that the time has now arrived when we should, as this eminent 'Father of Federation' said, - take advantage by experience and see if we cannot arrive by careful study at such a plan as will avoid the mistakes of the past.

#### IV. DEFINITE OBJECTIVE

(1) Our first definite objective is that Canada should be a Nation in fact and not merely in name. By various stages we have attained that position in the eyes of the world, but we fear that we have not reached that status in our own eyes or in the eyes of our neighbours; nor will we ever do so, if the doctrine of provincial sovereignty is permitted



"to extend or even to continue on its present basis.

(2) It follows as a matter of course that Canada's treaty-making powers should be adequately defined. The existing provision is, in the light of judicial interpretation, inadequate, particularly as it is suggested that such international obligations if they encroach upon Civil rights and Law of Property can only be implemented by joint action.

(3) It should be recognized that, since the passing of the British North America Act, the whole social system has undergone almost revolutionary change for which our present rigid constitution is ill adapted. Some elasticity must be provided and consideration given to the fact that the process of change is by no means complete and that a strong central Government, which we contemplate, must be in a position to deal with these processes. If we are a Nation, then all our nationals are entitled to equal treatment. This can only be ensured by National action; and you cannot have a united and happy people if rich and prosperous areas are accorded privileges which are denied less fortunate areas because the local Government is incapable of meeting the need. At present the Canadian economy is one, and all the important tools of economic policy are under federal jurisdiction, e.g., the tariff and external relations, trade agreements, internal peace, banking, railway, etc., and yet all the social legislation made necessary as a consequence of economic development is under provincial jurisdiction and many of our Provinces have collapsed under the burden. In other words, the central authority determines, as far as possible, the economic trend of our Nation, and the resulting domestic



"problems are the responsibility of another authority'. This is unsound.

It should be suggested that this principle was recognized in the original Act. The framers did not know about the centralization of industry, highway freight, aeroplanes, radios or unemployment on a National scale, but they did know about railways; and provided that provincial railways, connecting with interprovincial railways, should come within federal jurisdiction. As a result, some quite insignificant lines have become subject to Federal control. It is quite within the realm of possibility that, if these other developments and social changes had been known, or could have been foreseen, they would certainly have been provided for.

(4) All of the foregoing, of course, involves questions of finance. As to this, we have no submissions to make but believe that, given acceptance in a truly National spirit of the ideals we enunciate, the necessary arrangements could be made.

In reference to the foregoing, we would use the words of his Lordships of the Privy Council in a recent case:

'While the ship of State (Canada) now sails on larger ventures and into foreign waters, she still retains the water-tight compartments which forms an essential part of her original structure.'

It is submitted that, in the interests of the safety of the ship and especially of its crew, these water-tight compartments should be reconstructed to meet these new conditions which their Lordships mention, particularly, as in the same case they ob-





"served:

'There is no existing Constitutional ground for stretching the competence of the Dominion Parliament so that it becomes enlarged to keep pace with the enlarged functions of the Dominion Executive.'

In concluding our observations upon this phase of the case, we realize that much which we are striving to attain, can only be attained by education of National opinion and development of National sentiment which, of course, is beyond the scope of the reference of this Commission. Since its inception our organization has done what it could in sponsoring this sentiment and will continue to do so. But we do believe that our people have become so accustomed to taking it as a fact that Canada is a Nation that they are prone to overlook those constitutional tendencies which do definitely tend to disunity. It would, we believe, serve a very useful purpose if your Commission could analyse in the most thorough and non-technical manner this phase which would be useful as a means of informing the public of the true situation."

In the next paragraph we describe our view of the government contemplated by the British North America Act, and our impotency to deal with the problems which have become, in the process of time, National in character. We go on to page 6 to Number 5, "The Foundation Principles of The British Constitution and Ordered Government".

"When we received a Constitution 'similar in principle to that of the United Kingdom' we, of course, received a Constitution for a State of which



the Reigning Sovereign was the head, and which involved executive action by His Majesty's advisers responsible to a Parliament, responsible to the people. In other words, we became a democratic State. We also assumed that we secured to the fullest degree those rights which had become assured to British subjects in the evolution of the British Constitution through the years; the right of Habeas Corpus; the independence of the Courts, and the right of the citizen to free access thereto; freedom of speech; freedom of assembly; freedom of religion; and freedom of the Press. In fact, when we were invited to take up arms, it was generally asserted that it was our duty to do so in defence of these very things which were supposed to be in peril.

Probably for the reason that these rights were regarded as inherent and inviolate, no specific reference is made to them in the Constitution but, in fact, we still regard them as being part of our common heritage. It is, therefore, with some apprehension that we note tendencies to encroach upon these privileges; and, particularly, in the right of access to the Courts. Some of these encroachments are based upon the principle that no action will lie against the Crown without consent. That was British Law in 1867 and, therefore, became Canadian Law. But, as Executive Authority became more and more prone to delegate power to Boards and Commissions, the principle has been extended to a much greater degree than ever contemplated and, to such a degree, that these fundamental rights are in our opinion endangered. Two examples will be sufficient:

(a) Dominion



"By Sec. 23 of Chap. 93 - R.S.C. Immigration Act, it is provided that no Court shall have jurisdiction to review, quash, restrain, or otherwise interfere with any proceeding, decision, or order of the Minister, or of any Board of Inquiry, or officer in charge, made under the provisions of the Act. See also Sec. 37, Chap. 95 - R.S.C. Chinese Immigration.

It is true that these provisions apply only to aliens, but with the multiplicity of Boards now operating, there would not appear to be any reason why such provisions might not become general. It is true also that the Courts still claim the right to investigate jurisdiction in these cases, but it would not be impossible to curtail their activities in this regard. In any event, these enactments indicate a trend which is disquieting.

(b) Provincial

In the exercise of their powers as to property and civil rights, the Provinces have in many ways interfered with the right of access to the Courts. These have taken many forms, and it is neither necessary nor desirable to set them out in detail. Perhaps, the most common and certainly the most justifiable, if such measures can ever be justified, are the efforts made to protect debtors during the period of economic depression. Usually, this takes the form of denial of access to the Courts without the consent of a Board. By the scheme of the British North America Act, every effort was made to ensure the independence of the Courts. But if you cannot get access to the Courts, save by leave of a body which is the creation of, or part of the executive of the





"Dominion or of the Province, of what value is that independent judiciary?

In offering these observations, we are not criticizing any particular piece of Legislation, nor suggesting any improper motives in those responsible for its enactment. We are simply directing attention to a modern tendency apparently justified under the existing law, which if it is legal, as it appears to be, offers a means whereby all these liberties which we regard as fundamental in a democratic State, and particularly a British State, may be whittled away until the democratic State which we desire may become, by democratic methods, in effect, a totalitarian State, which we emphatically do not desire.

It is our view that, with the object of ensuring our liberties, these liberties should be assured by the National Constitution, and that the people of Canada, as a whole, should be assured of such liberties on an equal basis, and not be subjected to curtailment of their liberties by local action. It may be quite true, as repeatedly pointed out by the Privy Council, that the final Court in such matters is the people themselves, but when it abundantly appears that, for some reason this method is not completely effective, then more effective measures should be devised.

It is our submission that the most effective measure is a constitutional amendment which will ensure free and unrestricted access to the Courts, and those other liberties which we claim as ours by right. So long as these are assured by our Constitution, and so long as access to the Courts is assured, we will safeguard, as far as it is humanly possible to do so,



"those fundamental liberties which we desire to preserve.

It is true that the power of disallowance reserved to the Federal Government gives some measure of protection, but it is not in our opinion sufficient. As shown, the Federal authority itself, is not entirely guiltless and experience in the past has shown the existence of two distinct schools of thought. At one time, it was the policy of the Federal Government to act in a supervisory capacity and to disallow Provincial Acts, which appeared to offend against private rights and natural Justice. Then opinion changed, and disallowance was utilized only when the act was plainly ultra vires or encroached upon Federal rights. This is too uncertain a medium upon which to depend in matters of such importance. In addition, political considerations at any given time will always bear heavily upon the question of disallowance.

#### VI. CONSTITUTIONAL DEVELOPMENT

It has been abundantly indicated that, although the British North America Act has worked remarkably well considering that those who framed it had so little to guide them, and were faced with the necessity of compromise and, of course, could not possibly foresee what remarkable changes the future had in store, yet it has for these very reasons failed to prove adequate under existing conditions and in the result to some extent the central authority has been completely frustrated in discharge of duties which it should normally assume. In the light of experience, we desire amendments which will restore a proper balance between the Dominion and the Provinces."



We then quote from a statement of the Privy Council, and a statement expressed by Dr. Skelton, with respect to the judicial interpretation of the Constitution. Then the next paragraph:

"It follows, therefore, that bound as we are to use a written Constitution and limited as the Judicial Tribunal is, and must be, in the interpretation thereof, it will be found that from time to time, changing conditions will require a reinstatement of the powers, a re-arrangement of responsibility. Therefore, machinery should be available whereby the Constitution may be readily but not too readily subject to change, having due regard to certain fundamental principles such as Minority Rights. If we are to be a Nation in fact, then we should have sole responsibility for Constitutional Amendments.' We express approval of the principle but refrain from suggesting means by which this may best be accomplished.

#### VII. RECOMMENDATIONS

(a) That in view of the fact that our objective should be to develop Canada as a united Nation, the whole structure of the Constitution should be reviewed and amended as may be necessary in the light of experience and of judicial interpretation to ensure, -

- (1) That the central authority has ample power to implement international obligations.
- (2) To make it clear that the central authority has power to legislate in matters which have become of National importance."

I would ask you to delete from the record the concluding words in that paragraph, "Even though" down to "delegated to the provinces". We feel that, taken from their context, they





might give a false impression as to our meaning.

(3) That Canada should develop as a United Nation and that Provincial rights should not be permitted to develop to a point where each Province becomes a Sovereign State.

(4) That means be provided whereby Canada can amend her own Constitution.

ALL SUBJECT, however, to the one condition that the special rights and privileges already accorded to Minorities shall not be abrogated without the consent of the Minority affected."

I would like you to add "or reduced without the consent of the Minority affected" -- after "abrogated" put in the words "or reduced".

(b) That the rights fundamental to Canadian Citizenship, and which we regard as our British heritage, shall be defined and assured by the Constitution and, in particular, those rights which ensure civil and religious liberty, free speech, free assembly, a free press, and most important of all, an independent judiciary with right of free access to our Courts.

#### VIII. CONCLUSION

In the foregoing pages, we have sought to state as briefly as possible general principles in which we believe and which we desire to see made fully effective. We have endeavoured to avoid, as far as possible, too much detail realizing that, if this Commission is disposed to give favourable consideration to the principles enunciated, you have at your disposal those best qualified to translate the principles into effective measures for submission to the Country. Our



"reason for trespassing upon your time is to assure you that we who represent a large group of citizens of Canada, who have already made considerable sacrifice for these very principles, are sincerely desirous that they should be made fully effective and be adequately preserved and that, as an organization, we are prepared to support proposals which will tend to that end.

All of which is respectfully submitted."

THE ACTING CHAIRMAN: Col. Price, this brief, coming from a body such as yours, will receive very careful consideration. We thank you for its presentation.

EXHIBIT No. 386. Brief of The Canadian  
Legion of the  
British Empire Service League.

THE ACTING CHAIRMAN: We will adjourn until 10.30 a.m. Friday morning.

At 4.20 p.m. the Commission adjourned, to resume at 10.30 a.m. Friday, May 27th, 1938.

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ROYAL COMMISSION ON DOMINION PROVINCIAL-RELATIONS

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REPORT OF HEARINGS

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MAY 27, 1936

REPORTERS:

George Thompson  
John Robertsen  
David Torry







OTTAWA, ONTARIO, MAY 27, 1938.

REPRESENTATIONS BY THE FEDERATION OF  
ONTARIO NATURALISTS

Page

J. . DIAMOND

~~9361-9389~~

REPRESENTATIONS BY THE VICTORIAN ORDER  
OF NURSES

GENERAL ASHTON

~~9389-9395~~

SENATOR CAIRINE WILSON

9395-9396

MISS E. SMELLIE

~~9396-9398~~



OTTAWA, ONTARIO, MAY 27, 1938

LIST OF EXHIBITS

	<u>Page</u>
Exhibit No. 387: Brief of the Federation of Ontario Naturalists	9389
Exhibit No. 388: Brief of the Victorian Order of Nurses	9398
Exhibit No. 389: History of the Victorian Order of Nurses	9398
Exhibit No. 390: Copy of letter dated May 13, 1938, from Acting Chairman to Mr. L.E. Beaulieu (re overlapping)	9399
Exhibit No. 391: Copy of letter dated May 13, 1938, from Acting Chairman to Mr. L.E. Beaulieu (re questions)	9399
Exhibit No. 392: Letter from Mr. L. E. Beaulieu to Acting Chairman	9399
Exhibit No. 393: Letter dated May 20, 1938, from Premier Duplessis to Acting Chairman, and copy of letter dated May 25, 1938, from Acting Chairman to Premier Duplessis	9399

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OTTAWA, ONTARIO, MAY 27, 1938.

TOPICAL INDEX

Page.

DIAMOND, J.R., ESQ. (Federation of Ontario  
Naturalists)

Introductory remarks	9361
Natural resources no longer to be regarded as "inexhaustible"	9362
Extermination of various forms of Canadian wild life	9362
B.C. Fir and Ontario White Pine in danger of becoming exterminated	9362
Effect of over-exploitation of forest resources upon the soil	9363
Survey of King's County in Ontario financed by Mr. Aubrey Davis	9364
Measures necessary to save remaining forest resources	936
The question of proper utilization of wild life resources in Canada	9365
Tourist trade in Canada	9365
That maintainable and renewable natural resources be placed under Dominion jurisdiction	9365
Importance of natural resources to Canada	9366
Importance of the tourist trade to Canada	9368
Effect of the removal of forest cover from the land upon water levels in navigable lakes and rivers	9368





DIAMOND, J.R., ESQ. (CONT'D.)

Reasons why renewable natural resources should be placed under control of the Dominion	9368
Provincial administration of forest resources not notably successful	9368
Proposed Canadian Forest, Wild Life and Conservation Service	9369
Desirability of continuity of policy with respect to Forest and Wild Life research	9370
National Parks	9373
Compensation of persons affected by possible Dominion decision to stop timber cutting operations in certain areas	9374
Possibility of employing relief recipients on forest improvement work	9375
Greater probability of a solution of forest fire problem being reached under Dominion administration	9375
Concurrent jurisdiction over natural resources with the province agreeing to enforce Dominion regulation	9376
Importance of forest and wild life research	9376
Fisheries Research Board of Canada	9377
Bursaries and scholarships to enable foresters to study abroad	9377
Research in soil erosion	9377

COMMISSIONER DAFOE:  
 Possibility of Dominion control of forests without its also having control of soil underlying the forests

9378



DIAMOND J.R. (CONT'D.)

COMMISSIONER DAFOE: Constitutional aspects of proposed transfer of forest control to Dominion	9378
COMMISSIONER ANGUS: Submission of British Columbia to the Commission with res- pect to forests	9379
THE ACTING CHAIRMAN: Cost of indemnifying provinces for loss of revenue involved in transfer of forest control to Dominion	9380
COMMISSIONER MACKAY: Indemnification to owners of timber limits	9380
COMMISSIONER ANGUS: Re reductions in stand- ards of living involved in forest conservation schemes	9380 9381
COMMISSIONER MACKAY: Dominion subsidization of province for the carrying out of forestry conservation standards laid down by Dominion	9381
Prairie rehabilitation scheme	9382
COMMISSIONER ANGUS: Contrasting an ideal policy with an actual policy	9382 9383
Open season for maskenonge fishing	9385
Dominion and provin- cial regulations for control of duck shoot- ing	9385
COMMISSIONER DAFOE: Re statement to the effect that Dominion Civil Services more efficient than those of the provinces	9385
Merit system in Dominion Civil Service	9386



DIAMOND, J.R., ESQ. (CONT'D.)

MR. STEWART:	Examination of Mr. Diamond	9386- 9389
--------------	-------------------------------	---------------

ASHTON, MAJOR GENERAL E.C. (Representing Victorian  
Order of Nurses)

Introductory remarks	9389
History and activities of Victorian Order of Nurses	9390
Organization of the Victorian Order of Nurses	9391
Insurance work taken over by the Order	9393
Nursing in the home	9393

WILSON, SENATOR CAIRINE (Victorian Order of  
Nurses)

Victorian Order camp- aign for extension	9394
---	------

COMMISSIONER DAFOE: Growth of the Victorian Order of Nurses	9395
---	------

Area covered by one branch of the Order	9395
--	------

SPELLIE, MISS E. (Superintendent of the Victorian  
Order of Nurses)

MR. STEWART: Re death rate statistics	9396
---	------

COMMISSIONER DAFOE: Area covered in Manitoba by the Order	9396
---	------

Margaret Scott Instit- ute in Manitoba	9397
---	------

Order not sufficiently publicized in western provinces	9397
--	------

COMMISSIONER DAFOE: Cooperation in western provinces between pub- lic health services and the Order	9398
---	------





## ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

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 OTTAWA, ONTARIO, MAY 27, 1938
 

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The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Hearing Room, Board of Railway Commissioners, Ottawa, on Friday, May 27, 1938, at 10.30 a.m.

PRESENT:

COMMISSIONER JOSEPH SIROIS....THE ACTING CHAIRMAN

JOHN W. DAFOE, Esq.	)	
DR. ROBERT ALEXANDER MacKAY	)	
PROFESSOR HENRY FORBES ANGUS	)	
	)	Commissioners

Commission Council:

Louis S. St. Laurent, K. C.  
James McGregor Stewart, K. C.

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secrétaire Français
R. M. Fowler, Esq.	Legal Secretary to the Chairman
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE FEDERATION OF ONTARIO NATURALISTS:

J. Diamond	Representative
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FOR THE VICTORIAN ORDER OF NURSES:

General Ashton	
Senator Cairine Wilson	
Miss E. Smellie	Superintendent

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Hearing Room, Board of  
Railway Commissioners,  
Ottawa, Ontario,  
May 27, 1938.

MORNING SESSION

The Commission met at 10.30 A.M.

THE ACTING CHAIRMAN: The first brief to be presented this morning is that of the Forest and Wild Life Resources. Who is presenting it, please?

MR. FOWLER: This is Mr. J.R. Diamond, but I thought you intended to make some filings.

THE ACTING CHAIRMAN: We will make those later on, and we will hear Mr. Diamond now.

MR. J.R. DIAMOND was called.

MR. DIAMOND: Mr. Chairman and Members of the Commission: As you know I represent the Federation of Ontario Naturalists. I think, perhaps some explanation of the organization is in order at this point. Its membership is wider than is indicated by the word, "naturalist". In addition to the amateur naturalist, our organization includes a number of the leading sportsmen in the province. It includes both anglers and hunters. There are several graduate foresters, who are now in another line of employment, but who have taken a very deep interest in the forest policy, not only of the province, but of the Dominion. There are professional biologists, and as I have said, many amateur naturalists. Our President is Mr. W.E. Saunders, brother of the late Sir Charles Saunders. Mr. Saunders is a resident of London, Ontario.

Yesterday, I heard the comparison made of Canada that it was a family of sons, some of whom have borrowed money which they were not likely to be able to repay. I think that comparison is one which might apply to the natural resources. I should make it clear that we are speaking now of the renewable natural resources, not the mines. We are



speaking only of the forests, the wild life, and the water to a certain extent. Some of these sons have, we should not say squandered, but they are approaching the end of their inheritance which was given to them in the form of forests and wild life. We have been a nation of pioneers and the pioneer point of view is still a dominant one, although we no longer hear the expression, "inexhaustible natural resources". This expression was used until recently, but in our activities we seem to be still acting as if our natural resources were inexhaustible. The trees are still looked upon very much as the pioneer looked upon them, as something to be cut down. The wild animals are looked upon as something to be killed, the swamps something to be drained and the lakes and rivers as convenient places in which to empty the wastes of industry.

As a result of this viewpoint a number of forms of wild life have been exterminated, such as the passenger pigeon, and the Atlantic Salmon. A number of species of wild life in southern Ontario and other places are faced with extinction, including a number of species of wild fowl, especially ducks. The moose will probably be extinct if the present tendencies persist; there is no doubt of its extinction, ultimately. Maskinonge, our largest game fish in Ontario, is in a very precarious position. The Douglas fir of British Columbia is said to be in such a state that if the exploitation and fire, as well as the destruction by insects continues at the present rate, it will last approximately fifteen years. In Ontario an estimate has been made from the reports of the Forestry Branch which suggests that our white pine will be finished in thirty years. Of course, it is not likely that the present rate will continue. When the product becomes more scarce, the price will go up and that will cut down the consumption,





but it indicates we are nearly at the end of some of those resources.

Perhaps one of the most serious effects of this over-exploitation is the effect on the soil, due to the removal of too much of the forest cover. You have seen, in the forested regions, areas where timber has been cleared, especially where fires have swept through once or twice, the soil has been removed by rains and, to some extent, by floods, leaving the bare rock. It took nature approximately 20,000 years to cover those rocks with enough soil to produce the forests which we found there. It is going to take nature thousands of years more to cover those rocks with enough soil to grow another forest.

The same thing is happening in many of the agricultural areas. Many areas have been cleared which never should have been cleared. Of course, it is easy to look back now and see the mistakes of the past. We are not blaming the pioneers, but now we see the error and it is so serious that something should be done about it as soon as possible. The excessive clearing in the agricultural areas has led to the removal of the surface soil. The best soil is being swept into the valleys, streams and lakes. This is having many results. It is not only robbing us of our fertility, but in sweeping it into the streams and lakes, it is destroying the fish life. In many places it is a detriment to navigation. An even worse practice has been the tendency to get the water off the land as soon as possible after it falls. This means there is no water left to provide sub-soil moisture for the growing of crops, for wells and for stream flow. It is said that in agricultural areas there should be approximately 15 to 25 per cent of the land left under a condition which would permit the moisture



to settle down and not rush off into the streams. This would feed the sub-soil moisture. In 137 townships in old Ontario, there is less than 5 per cent of the forest covering remaining. Mr. Aubrey Davis, a member of our organization and who, up until a year ago, was a member of the Hunters' organization, personally financed a survey of King's County. The work was done by a graduate forester. I will only mention one or two of the findings. One of the findings was that of an original 200 miles of permanently running water in that township, there is now left only twenty-five miles. This is not an extreme case, but I think it is the only thorough survey of that kind which has been made in any township.

As I have indicated, many of these mistakes which have been made are perhaps excusable, but now that the situation is being realized, and since it has gone so far, we think that heroic measures are necessary to check this tendency.

It took no particular intelligence to exhibit our natural resources, but it is going to require the very best intelligence to save what is left. It is going to take the best intelligence to manage it so that it will produce the best return. There is no use minimizing the difficulties, as nature is a very complicated business. It involves many types of scientific enquiry as well as many types of scientific policy. There are many types of forest enquiry which are necessary and there are many types of investigation in soil surveys. Investigations could be made not only into soil fertility, but soil moisture as well. Perhaps it is worth remembering that moisture is the most important factor in determining the fertility of the soil because all of the nutriment which any plant takes must be taken in solution. No matter how rich a soil may be, if there is no moisture the plant cannot get the nutriment. It is for this reason



that soil moisture is a most important question.

Then, the question of the proper utilization of our wild life resources is an important consideration. The chief value of these resources in the future, will, most likely, be in connection with the tourist trade. After all, people remember and talk about the bear, beaver and even porcupine which they saw during the summer more than most of the other experiences which they had. The value of the game fisheries is a most important question. If there are two areas having equal attractions from other points of view, the one which has fishing as well, will attract the tourists as compared with the one which has not. It is not so much the actual value of our wild life in the form of fur bearing animals and game fish, although that is a consideration and it could be greatly increased. It is in connection with the tourist trade that we believe the value of our wild life largely lies. It may not be necessary to remind you that the tourist trade of Canada in the year 1937 brought into the country \$295,000,000. This is more than all our forest exports brought in and more than twice as much as all our exports of wheat in the same year.

I do not think it is necessary for me to read the introduction to this submission, but I shall go on with the recommendations on page 6. I have tried to briefly outline what is in the introduction to this submission. I will read the recommendation contained on page 6:

" The carefully considered opinion of this organization, which it earnestly recommends for your consideration, is that the interests of Canadians of this and future generations will best be served if the administration and exploitation of the maintainable and renewable natural resources (as discussed above) be placed under the jurisdiction of the





Dominion Government."

As I mentioned in my introduction, in comparing the provinces to sons, they have almost come to the end of some of these resources. They have almost come to the end of their inheritance and they will, no doubt, be looking for a hand-out. It is our idea that the Dominion should take this over as soon as possible. Continuing to quote:

" It is suggested that each of the provinces in whom these resources are now vested, might receive from the Dominion an annual payment or subsidy equal to the net revenue derived therefrom, based on an average representative five or ten year period, with provision for equitable adjustment if circumstances warrant. It is earnestly suggested that the problem is one of such national importance that the Dominion could well afford to be generous in arriving at the amount of such payments, which would scarcely total fifteen million dollars annually. Since it is to be reasonably expected that even if embarking on a policy of sane administration of these resources, there would still be some net revenue accruing to the Dominion, this amount would not all have to be found out of other income. Proper administration will undoubtedly pay in the near future and only such administration will enable Canada to avoid the period of loan years recently predicted by the Dominion Forest Service.

As Mr. Cregar said in the radio address quoted above, these natural resources, although at the present time vesting in the provinces, are of great importance to the Dominion. The products of these resources, particularly those derived from trees in the form of pulp and paper and timber, enter very



largely into the external trade of the country and naturally affect the balance of trade. It is obviously therefore a vital concern of the Dominion that the raw materials of these exports be not wasted nor their future supply jeopardized.

That the general prosperity of the Canadian people and Canadian business, no matter in what province, both as sources of taxation and conversely as possible recipients of relief, is of vital concern to the Federal Government, is axiomatic. How important therefore that the Federal Government should be concerned that raw materials be available for the construction and building industries, for packages, boxes, barrels, etc., of all kinds for shipping Canadian produce to home and foreign markets, to railways, telephone and telegraph companies for ties, poles and posts and rolling stock, to mines for props and other construction work, to factories for the manufacture of furniture, radios, tools, implements, and the hundreds of other things too numerous to mention, for fuel and the many uses on the farm.

Not only is it important that the total amount of raw material throughout the whole Dominion be sufficient for present and future needs, it is definitely advantageous that such material be available as near the point of utilization as possible and that it be available in sufficient density to make its harvesting financially economical. Wood is heavy and its transportation long distances when it could be grown near at hand is an economic waste, and adds unnecessarily to the cost of the product of which it forms a part, reducing the margin of



'profit, particularly if competing in the world market.

The contribution of the tourist business to the balance of trade is also of importance to the Federal authority. It is to its interest therefore, that everything should be done to increase the attractiveness of the country and preserve what remains.

What the cumulative effect of the removal of more and more of the forest cover may have on water levels in navigable rivers and lakes, as well as on maintenance of optimum power development capacity can only be conjectured. The importance of maintaining water levels is vividly illustrated by the general decrease in depth of some five feet or more in the last fifty years or so of the water in Montreal harbour. Vast expense has been incurred by the Dominion for many years through dredging of the St. Lawrence river channel. To what extent this has been necessary because of deposits of unnaturally eroded material from above, is also a subject worthy of investigation. That such silt deposits are of enormous import in the effect on the navigable rivers of the United States is now taken for granted.

The foregoing would seem sufficient reminder of the vital interest the Federal Government should have in the proper administration of the natural resources under consideration. The reasons for our opinion regarding the advisability of putting these resources under the control of the Dominion Government are as follows:

1. Even those most biased in favour of provin-





cial control of these resources would hardly claim that the provincial administration generally speaking, had made even an indifferent success of the undertaking. There seems no valid reason to believe that in the case of at least three of the four chief timber producing provinces, the majority of whose forest land remains in the Crown, there is likely to be any major, permanent improvement or the establishment of the long term policy. Such a policy is necessary if these resources are to be perpetuated. The following reasons may be suggested for this apparent lack of success, not to say lack of concern, in addition to what may be termed the pioneer psychology of considering the forest as an enemy, and the limitless resources theory which made the limited seem unimportant.

(a) The need of revenue (and this is true of one province more than of the others) has forced exploitation without consideration of the future or of the need for making the annual cut no greater than the annual growth.

(b) Provincial civil services appear to be more subject to the curse of the spoils system, to dismissal and to intimidation than the Federal Civil Service. The result is that policies are more likely to be dictated by party considerations than by sound principles of management.

2. A Canadian Forest, Wild Life and Conservation Service with larger scope and greater responsibilities would be able to attract and could afford to pay for men of higher calibre. The larger service would provide scope for the training of a



greater range of junior executives from which to draw for the higher ranks.

3. Forest and Wild Life research require long periods to complete. Continuity of policy is therefore a necessity for the successful completion of studies necessary to the discovery of proper methods of control. The discontinuance of researches that have been running for a period of years is not only wasteful directly but indirectly in further postponing the acquisition of information which must sooner or later be acquired if the resources are to be efficiently administered. There can be no question but that such long time researches as are necessary in forest and wild life management are much more likely to be carried to a successful conclusion under Federal auspices."

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(Page 9372 follows)



"With the administration of the natural resources in the hands of several provinces, it not infrequently happens that one province in enforcing a restriction may encourage the over-exploitation of a resource in the neighbouring province which has not such a regulation. Discussing the possibility of central control of trapping, Professor H.A. Innis, Head of the Department of Economics in the University of Toronto, stated in his book 'The Fur Trade of Canada (University of Toronto Studies, 1927)', 'It would be utopian to attempt a sketch of the possibilities of regulation.' Canada is in a singularly favourable position with vast areas open to the prosecution of the trade, with rising prices for fine furs of the north temperate areas, and with a constantly expanding market in close proximity. If a central authority with effective regulation machinery could be assumed, if adequate statistics could be gathered and investigations carried out as to the most effective way of increasing the number of fur-bearing animals, there can be no doubt that the wealth of Canada in furs would be increased remarkably. The destruction of the organization which had been built up through centuries of experience in the fur-trade, in the abolition of the Hudson's Bay Company monopoly, has not been repaired. It was possible for a large organization to conserve its fur resources not only with reference to the fur-bearing animals, but also with reference to the highest possible returns. It has not been possible with the relatively slow growth of regulation in separate provinces, with regulations of one province offsetting and nullifying the regulations of other





"provinces, with protective seasons in one area increasing the price and the possibilities of destruction in other areas, to prevent the steady decline in many important fur-bearing animals. The prospects of decline in the not distant future of other animals are relatively bright.

5. If these resources were under Federal jurisdiction such uniform restrictions regarding closeness of utilization, waste, quality standards, export of unmanufactured new material, leaving of seed trees, care of established growth, disposal of slash, could be so enforced as to make competition as far as possible, fair for all.

6. The present conflict or overlapping of jurisdiction between the federal and provincial governments in the matter of migratory birds, and the fisheries in international, interprovincial and tidal waters would be overcome.

7. The system of wild life and scenic parks could then be unified. Splendid National Parks administered by the federal department of Mines and Resources have been established in many of the provinces. In some of the larger provinces, which have created their own provincial parks, there are only small National Parks. An extensive system of National Parks makes possible a body of experts in the wide range of interests involved in parks, such as seems impossible to the individual provincial park systems.

In connection with National Parks it may be noted that the maintainable animal resources are intimately, indeed vitally, interwoven with the forest and other plant resources: it is therefore highly desirable that administration of wild animals, and the biological



"research that will necessarily accompany it, should in practice co-operate in the closest possible way with the administration of forests; if indeed the two services should not preferably be combined under one Minister. There are in fact some posts which can only be filled with complete efficiency by men who are at the same time trained foresters and trained biologists.

8. The general survey of conditions and resources that would doubtless naturally follow any taking over by the Dominion of the administration of the resources, might well be followed by a decision to stop cutting altogether on a certain area, perhaps a quite large one, to allow it to improve in quality and quantity to a more marketable condition. Such a decision might affect the livelihood of persons who had invested considerable sums of money in equipment with the reasonable expectation that the area concerned would be available for exploitation.

Such persons might well be entitled to compensation, and it is obvious that if the price were a stiff one the average province would be unable to afford it. To the Dominion, however, committed to a long term forest policy this expenditure might seem quite reasonable in view of the ends to be achieved.

9. In the event of such a removal of forest areas from exploitation, or in cases of villages and towns whose sawmills have shut down, the Dominion Government also has the question of relief. With a properly functioning forest policy it is not out of the question to suggest the Federal Authority might undertake to remove such people to another area of forest exploitation.



"There is also the possibility of employing relief recipients on forest improvement work, such as the building of roads, trails, fire lines, brush disposal, improving tourists camp sites and conveniences, etc., etc. There still remains a tremendous amount of such work to be done.

As was mentioned in Mr. Crerar's address, although planting is of great importance in certain areas, with limited funds available it is much greater economy to improve already naturally established young growth, and in this work which consists mostly of thinning out tress of poor form and others where they are growing too closely together, there is much work suitable for the less vigorous unemployed.

10. Having greater financial stability and wider taxing powers than the provinces, the Dominion would be less likely in times of financial stringency to sacrifice established forest and wild life policies than would the provinces. This point regarding the necessity of the long view cannot be too much emphasized.

11. With greater financial ability the Dominion if in control of these resources would likely push as rapidly as possible toward a solution of the forest fire problem and of those presented by fungi and insects.

12. It would seem also that the very necessary task of education the public to the importance of conservation of forests and wild life and the dangers of forest fires could also be undertaken to better advantage by one central authority. The same ideas could be worked out in many regions with considerable saving of money and the larger organization would in





"in this and in other spheres of activity, have immediately available to the whole organization, ideas developed in any particular part of the service.

We suggest some alternative methods of handling these.

If the above suggestion regarding the taking over of the mentioned natural resources of the province by the Dominion Government seems difficult of fulfilment as far as certain provinces are concerned, we hope it is not out of the question, in the case of those willing to enter into the agreement.

The other alternative that may be suggested is that of providing for concurrent jurisdiction with the provinces agreeing to enforce Dominion regulations. If such an arrangement were entered into, the Dominion might see fit to subsidize the province in some way or aid with the cost of fire protection, supervision, etc. A concurrent jurisdiction arrangement is, of course, least to be preferred of those so far mentioned.

If none of the foregoing or a variation of them is acceptable, which would seem most regrettable, the Federal Government, because of its vital interest might still see fit to extend what might be called its 'aiding' activities including research and education.

1. We especially urge the importance of research as a means of promoting more efficient and effective measures of Conservation. The discovery and demonstration of proper management methods in forestry and wild life would exert a powerful influence in bringing about the adoption of policies based on such methods.
2. Forestry research needs to be greatly extended and facilities provided for making the results avail-



"able as widely as possible.

3. Practically nothing has been done in Canada in the matter of research on game and fur-bearing animals. Many of the problems involved are of national importance; none of the provinces is likely to undertake research in this field on the scope necessary to secure results within a reasonable time.

4. The Fisheries Research Board of Canada operating under the Federal Minister of Fisheries has rendered invaluable assistance to the fisheries industries of the Atlantic and Pacific coasts. There is urgent need for the extension of this work to include problems of the freshwater fisheries, particularly in view of the importance of game fish as tourist attractions.

5. A more vigorous and co-ordinated campaign of education on conservation in its broadest terms should be undertaken by the federal government. The present series of radio discussions over the CBC network is cited as an example of educational work that could be undertaken.

6. Bursaries and scholarships to enable foresters and wild life biologists to travel and study abroad would be of great assistance. Similar experts from other countries might well be brought for consultation and advice.

7. Research and demonstrations on soil erosion as it affects agriculture and other interests is of paramount importance since the soil is the foundation of all our agriculture, all our forests and all our wild life.

8. The system of bonusing the plantations that were successful after five year periods might be consid-



ered.

9. The system of National (federal) Parks should be extended so that every province has at least one large national park in addition to provincial parks or other reserves."

COMMISSIONER DAFOE: You cannot have Dominion control of the forests without Dominion control of the soil underlying the forests?

MR. DIAMOND: No, I do not think so.

COMMISSIONER DAFOE: It is a very large programme you have outlined here; it means the transferring of what has always been regarded as provincial property to the Dominion.

MR. DIAMOND: Not always, it is not long since the Western Provinces got the forests.

COMMISSIONER DAFOE: And they handed them back, after some controversy, - what has been universally accepted as alienation of provincial rights. Your organization no doubt realizes the magnitude of the proposal in its Constitutional aspect?

MR. DIAMOND: Yes. As I said in the introduction, we think that heroic measures are necessary. I do not think the condition of our natural resources is realized. We have labored under the idea of inexhaustible natural resources.

COMMISSIONER DAFOE: Do you not think the provincial governments realize the danger of having these assets wasted or destroyed?

MR. DIAMOND: Yes.

COMMISSIONER DAFOE: You do not think they do realize it?

MR. DIAMOND: That figure I quoted, fifteen years for the Douglas Fir in British Columbia, was taken from a provincial publication, the forestry branch of the Provincial





Government. Probably the technical experts of some of the provinces do realize the situation, but as we have said, they are not always as free as perhaps the Dominion civil servants are to impress their point of view upon others.

COMMISSIONER DAFOE: You think the Dominion would take a wider view than the province?

MR. DIAMOND: We think so.

COMMISSIONER ANGUS: Have you read the submission of the government of British Columbia to this Commission?

MR. DIAMOND: Personally I have not, but one of the men associated with the preparation of this brief has been through it. I do not say he has read it completely.

COMMISSIONER ANGUS: And the report on which that is based, in regard to the forests, the report that was published this year. My impression is this: Your proposals provide for the indemnification of the provinces for loss of provincial revenue. In British Columbia it was pointed out that their revenue from that source was really capital depletion. Then you suggest compensation to people who have bought or leased timber limits in the reasonable expectation they will be allowed to cut; and then some plan for giving employment to people who are thrown out of employment by saw-mills closing down, and so on. I wonder if those three, taken together, from the standpoint of the province would really meet the case; whether the lumber industry, may not be a source of general prosperity at the moment which the public would be very unwilling to forego for the sake of the future, taking account of fire hazards and the actual deterioration of the trees if they are not cut. I wonder if it would be politically possible to get the people of the province to agree to give up control or something of that kind.



MR. DIAMOND: Well, it is a question I do not feel competent to answer from the political point of view, but as far as fire and deterioration of over-mature forests are concerned that would certainly be taken care of by any proper forest policy. The destruction of forests by fire in the last ten years, I think, amounts to 3000 square miles per year in the Dominion, which is certainly excessive, and one of the great accomplishments that might be expected would be the cutting down of the destruction by fire by a more comprehensive fire policy. Whether the people could be persuaded of that is a question I do not feel competent to answer.

THE ACTING CHAIRMAN: Have you figured out what it would cost the Federal Government to indemnify the provinces?

MR. DIAMOND: The estimate given here, which was worked out by a number of our members who are graduate foresters and who have studied this question, is \$15,000,000 a year.

COMMISSIONER MacKAY: To indemnify the provinces for their loss of revenue?

MR. DIAMOND: Yes.

COMMISSIONER MacKAY: That does not include indemnification to owners of timber limits?

MR. DIAMOND: No. Of course, many of those probably would continue under some new regulations and a few of them might have to be compensated.

COMMISSIONER ANGUS: My recollection of the British Columbia lumber case is you cannot expect a rotation of trees that have taken two hundred years to grow, that that is too long a period to work for; and that you may look forward to a permanent forest industry on the basis of perhaps eighty or one hundred years of growth, so that it would be really a different type of forest. And what is there



is similar to a mine, it can be used once, but cannot be used again. It is just a question of how quickly it should be used. I think, too, that the provinces would say in so far as they have been wasteful they have been driven to it by insufficient sources of revenue and difficulty in providing the standard of life to-day which the people expect, the people in the industry. Men must eat.

MR. DIAMOND: Well, has not that come about from this theory of illimitable natural resources? As a people we have felt we could afford this standard of living.

COMMISSIONER ANGUS: The point I am trying to make is this: To ask people to reduce the standard of living that they have become accustomed to, not because the means of maintaining it are not there, but for the sake of the future, are you quite sure of your response?

MR. DIAMOND: No, I am not sure of the response. But I think it is the part of wisdom if the people can be persuaded that they will have better living in the future if they do not take so much now, and that seems to be the case. If the people of Canada go on as they are going on there is coming a time when they will not be able to afford the standard of living they may be able to afford if now they undertake to manage their natural resources on proper lines.

COMMISSIONER MacKAY: Do you think the same end could be obtained if the Dominion subsidized the province, with the view to getting them to put into effect proper conservation policies? That is to say, if there were no change in jurisdiction could the Dominion lay down for the provinces certain standards of forestry and conservation and subsidize them if they carried that out?

MR. DIAMOND: That is essentially, I think, the point of our last alternative, research and education. If the





Dominion could demonstrate that <sup>a</sup>/certain line of management of forests, let us say, is far superior to the one now in operation we think that the people would ultimately see that that policy were adopted, especially if it were backed up by education.

COMMISSIONER MacKAY: The Dominion, for example, have been doing something like that in the Prairie rehabilitation scheme, and also in the proposed scheme for water conservation in Grand River. Do you think schemes like that are workable? Can the Dominion exert sufficient control?

MR. DIAMOND: I think so, and considering human nature that is probably as far as we can go at the present time.

COMMISSIONER ANGUS: If you contrast an ideal policy with an actual policy you may make out a case for transferring provincial power to the Dominion and transferring Dominion power to the province on the ground that the actual policy is less than the ideal policy. That is to say, if you assume that the new agent will pursue an enlightened policy and, in a sense, a disinterested policy, while the present agent has not done so - and we had a great many submissions that are almost on those lines - something is not working well, transfer it. Now, the real contrast is not between an ideal policy and an actual policy but it is between an actual policy and a probable policy. That is to say, the province doing this, if the Dominion had jurisdiction what would it be likely to do, not what it would do if it were wise. Now, in British Columbia, for example, the question of fisheries was spoken of in relation to the conservation of game fish for the attraction of tourists, and the British Columbians' complaint was that the regulations made at Ottawa were not suitable to local conditions; that the local people would make a time limit for one lake and another time limit for



another lake, and so on. Eventually they worked out a system of developing regulations in British Columbia and submitting them to Ottawa for approval. So that the case they were making was that local control was more effective for the very purposes set out in your brief. Now, in view of that, which is the authority likely to act best?

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(page 9385 follows)



MR. DIAMOND: Well, too often the regulations made to suit local conditions are made to suit the opinions of people who are really not in a position to know what is best. We have an illustration of that very thing in Ontario this year, where for many years the opening season on maskinonge has been the first of July, and maskinonge is the fish in Ontario which is most in danger of extinction and needs every possible chance they can get and yet this year in Ontario the provincial government has opened the season on the 20th of June in response to local demands of people who want to take the goose now and never mind about the golden eggs of the future. And in the matter of migratory birds, the ducks that are so faced with the danger of extermination, I am speaking from memory now, but I think the case was, last fall certain provinces made regulations for the control of duck-shooting and the Dominion stepped in as a result of their migratory birds convention act which was based on a treaty with the United States, and laid out other regulations. The local regulations had been to some extent framed to meet the demands of sportsmen, whereas the Dominion was further away from the pressure of those sportsmen and, we felt, made saner regulations.

COMMISSIONER DAFOE: I see in this presentation a statement which, as far as I recall, has not been made in any of the other representations which have been submitted to us. That is the statement that the provincial civil services are less efficient than the Dominion, and more subject to political control, with less security of tenure of office. That is the considered judgment of your association?

MR. DIAMOND: No, we do not say that they are, we say that they appear to be.





COMMISSIONER DAFOE: All right.

MR. DIAMOND: That is the considered opinion of our organization. That is, our impression is that they are, but whether they are or not is another matter.

COMMISSIONER DAFOE: It is true that there is no merit system in any province that you know of corresponding with that which prevails in the Dominion service?

MR. DIAMOND: I think that is the case.

THE ACTING CHAIRMAN: Mr. Stewart or Mr. St. Laurent, have you any questions?

MR. STEWART: Yes, I have one or two questions to ask, Mr. Chairman.

BY MR. STEWART OF MR. DIAMOND.

Q. On page 9, Mr. Diamond, you refer to overlapping between the federal and provincial governments in the matter of migratory birds. Would you elaborate that a little bit? A. I have just referred to the case which occurred last Autumn in Ontario, where the province of Ontario made certain regulations with reference to duck season and the methods of taking the ducks, and the Dominion stepped in and made other regulations. It was never fought out who really had the right, the province submitted. I imagine they were rather glad to have the change placed on the Dominion, because they were under pressure from sportsmen.

Q. All the provinces at the present time have some regulation of fishing and hunting wild animals?

A. Yes.

Q. The principal complaint you have is that those regulations are framed to meet the desires of the sportsmen rather than to attain their proper conservatory results?

A. Yes, that is essentially the case.

Q. Have you ever looked into the Dominion regulations of



the lobster fisheries from a conservation point of view?

A. Perhaps this is not a definite answer to your question but I know that the biological board of Canada have had investigations and researches on the lobster fisheries, and I assume that regulations will be made, if they have not already been made, in line with the finding of those researches, and I am under the impression that the lobster fishermen of the Atlantic Coast have already seen the wisdom of certain regulations which have been made as a result of those studies.

Q. Do you know whether, in the past, seasons have been extended or opened earlier on the insistence of the local fishing industry? A. That occurred this year in Ontario with reference to the maskinonge.

Q. I mean in connection with the lobster fisheries?

A. No, I do not have any information on that point.

Q. Have you made any comparison between the administration of the timber areas of the Prairie provinces prior to their transfer, that is, Dominion administration, and the subsequent provincial administration since 1930?

A. I am not a forester and I have no information on that. I would be glad to get that information and submit it.

Q. It might be interesting in connection with your main submission that the Dominion administration is likely to be more impartial and efficient on a long term basis?

A. What you want is the forest area of the two provinces?

Q. Just a comparison between the administration of the Dominion and the province? A. In what way?

Q. As to efficiency? A. That is a hard thing to measure.

Q. Conservatory regulations? A. That is a hard thing to measure, is it not?



Q. It might be? A. That is just a matter of opinion I would think.

Q. Can you tell me whether there is any co-operation between the forestry service of the Dominion and the corresponding services of the provinces at the present time?

A. As I say, I am not a forester and not familiar with the details of that, but I understand that the Dominion work in forestry is largely in the nature of research, and I have no doubt that there is consultation between the provincial and Dominion foresters in the matter of proper methods.

Q. Now, your main proposal, as I understand it, would involve a transfer to the Dominion of the management of all natural resources other than mines. Would it also involve the transfer of the beneficial interest in the resources?

A. You mean the benefits to the people?

Q. Well, the right to alienate, the right to give leases?

A. Yes.

Q. And the right to receive the royalties, if any?

A. I should think so.

Q. Do you think at the present time it would be possible with public opinion as it is, to take any step beyond the one mentioned on page 11 of your brief, that is, in effect, education, with a view to making the people conservation-minded, if I may use the expression?

A. Given sufficient time it is my personal opinion that education is sufficient, but where we have not time to - I suppose we have to depend upon education anyway, even if we do expect to bring about the other.

Q. The urge for conservation has been realized in the past; I have in mind the efforts of F.J.D. Barnjum, you have heard of his efforts towards forest conservation. Do you think those efforts have changed public opinion to





any appreciable extent? A. I have no doubt they have but there is an impression, I think, that we are now realizing the necessities and need for conservation more than we have in the past. I doubt if that is the case. In 1909 Canada set up a conservation commission with power to make studies and make recommendations. I recently read in their third annual report, I think it was, certainly in the report of 1914, a recommendation which that Commission made to every province and to the Dominion Government, drawing again to their attention the need for reserving from agricultural exploitation areas which were not suitable to agriculture, and which should be left under forest. That is twenty-four years ago, and have we advanced any since that time? I doubt if we are in as favorable a position today as we were twenty-five years ago in the matter of conservation.

THE ACTING CHAIRMAN: Thank you very much, Mr. Diamond, and we will consider the brief carefully. We will file it as exhibit 387.

EXHIBIT NO. 387 -                      Brief of the Federation of  
Ontario Naturalists.

THE ACTING CHAIRMAN: The next brief to be presented is that of the Victorian Order of Nurses. Who will make the presentation?

GENERAL ASHTON: Mr. Chairman and Mr. Commissioners: In the unavoidable absence of Senator Graham I have been deputed to come and present the case for the Victorian Order of Nurses of Canada. I have with me Senator Cairine Wilson, who can answer especially to certain points of our work, and Miss E. Smellie, the superintendent of the order, is here to enter into details that perhaps those of us who are serving in a voluntary way may not be



entirely aware.

Would you like me to take this brief as submitted and read it, or would you prefer that I speak to the question perhaps in a briefer way and cover the more salient points?

THE ACTING CHAIRMAN: Thank you, I think we would prefer the latter.

GENERAL ASHTON: Well, gentlemen, as you know, the Victorian Order of Nurses of Canada is a national voluntary health organization. It was founded by Royal Charter in 1897, largely at the instance of the Countess of Aberdeen. That charter was later amended in 1929 after the war period, and only differs in a very slight extent.

In the earlier charter the Order, among its other activities, largely home nursing and health teaching, instituted small hospitals throughout the country. Later on other organizations took on work of this nature and the hospitals generally developed in the smaller towns and municipalities, and the Victorian Order decided, in order to get better co-operation, to withdraw from that field and prevent overlapping.

Our main work is skilled visiting nursing service and covers largely medical, surgical and maternal treatment in the home.

I mentioned health teaching. Through our trained nurses that is carried directly into the home.

We also, in certain places, undertake school nursing, child welfare and home nursing classes.

Our patients pay in whole or in part for their services, but no case is refused on account of inability to pay anything. There are attached statements, if you wish to refer to them, of the proportion of those who pay well, those who pay in a moderate way, and those who



are unable to pay at all.

No call is refused but service is not continued unless the advice of a doctor and direction of a medical man is retained.

Now, as to the organization. The national order, our headquarters, is situated in Ottawa. It is financed by government grants, (I believe some \$13,000 at the present time from the Dominion Government, \$2000 from the Ontario Government), by interest on investments, the funds for which were raised by public subscription under the various governor-generals or their wives and by voluntary subscriptions.

I may say that the local branches, which I touch on in a minute, will not contribute at all to the general order, the National order which directs it.

The board of governors of this order is appointed, or the members are appointed, certain of them by his Excellency, the larger majority are representatives of the local branches, the Dominion and provincial medical associations, and the Dominion and provincial nursing association.

Now, the actual work is carried on by local branches scattered across the Dominion, of which at the present time there are eighty-nine. The distribution is given to you of the various provinces in which they are to be found, on page one: In Nova Scotia fifteen, New Brunswick six, Quebec five, Ontario forty-nine, Manitoba one, Saskatchewan three, Alberta two, and British Columbia eight. Of these eleven are new branches which have been formed in the years '37 and '38. One province is missing, Prince Edward Island.

These local branches have power, local autonomy. The policies and professional standards and the securing





of nurses is carried out by the national order.

The local branches decide their local policies and the type of work that shall be carried out in their community in accordance with the necessities of that community.

The National order also inspects all branches twice a year.

The local branches are financed from the following sources: Fees from patients, fees from certain insurance companies, - I will touch on the work we do for them later, - membership fees, municipal grants in certain cases, and definite money-making schemes put on by the branch for the sake of raising extra funds.

A few branches are assisted financially by the head office, largely in very poorly privileged communities, and on the inception of the work in a new locality when the organization has not proceeded far enough to carry the expense. The grants are given, I think, the superintendent will correct me, if I say generally from three to four years?

MISS SMELLIE: Yes.

GENERAL ASHTON: And then slowly withdrawn, used elsewhere.

The Indian Department. The B.C. Government and the Victorian Order carry on the work of two branches by subscribing equally. It is a form of co-operation we have lately tried and I believe it is being very successful. The province of British Columbia also, I believe, gives small grants to one or two local branches, but this form of support is the exception.

There are 345 nurses employed at the present time supplied by the national order, paid locally. They must be graduate registered nurses and are all given post-graduate training and public health nursing. The standard



therefore is kept very high.

In regard to volume of work, in 1937, the latest complete figures, 84,144 cases were looked after by the order, 729,569 visits were made.

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Maternity cases and the care of the infant child, in one month, covered over 50 per cent of our work.

I might draw your attention to the fact that the maternal death rate for the Victorian Order of Nurses, last year, was 2.18 per cent. The Dominion maternal death rate for the same year was 5.6 per cent. The neonatal death rate, that is in the first month of the child, in the Victorian Order was 22.1 per cent. The Dominion rate in the same year was --- I find this is 1936, and I was giving it as 1937. These are the last figures which we were able to obtain. The Dominion neonatal death rate is 33 per cent as opposed to 22 per cent.

Now, I will touch very briefly on the insurance work which the order has taken over in recent years.

Certain insurance companies, notably the Metropolitan Life, have entered into an arrangement with this order for the protection of their policyholders and the prolongation of life of their policyholders. By this arrangement the order visits, treats, looks after medical cases, surgical cases and midwifery. This is of distinct value to our order as it assists in our financing and it permits us to carry our health teachings into many homes which we would not otherwise reach. It helps in our health teachings concerning the prevention of disease. You have a booklet which gives the history of the order very briefly, but it will probably give you any point which I have missed.

I will just say a word or two on the order generally. Our work is nursing in the home. We are the original order which carried out that work in this country. This nursing in the home cuts down the cost of sickness to the patient and to a very large degree, it relieves the strain on our hospitals which, in many places, cannot take care of the sick in the community. It saves municipal contributions to





the support of these hospitals and thus conserves public funds. It promotes exceedingly valuable health training in the home. We feel that this voluntary order, operating across the whole of Canada had had forty years of valuable experience. This work has been carried out in the closest cooperation with the national and provincial health departments, with local health officers, who are constantly consulted by the local branches as well as by the national body and with the medical profession directly. It is under the medical profession that our nurses work and we also cooperate with all other voluntary health organizations across the Dominion.

With this forty years experience, the order feels that it could offer something concrete, if any type of domicile nursing service is introduced in Canada as an integral part of medical care. As I say, Senator Wilson will be glad to speak on our desires in this connection. This work is only being limited by our lack of funds. The superintendent can give you any further details which you may desire.

SENATOR WILSON: I have been connected for the last few years with the Victorian Order campaign for extension. During the last year we have enlarged very considerably, as General Ashton has stated. Two new branches have been opened in British Columbia, four in Ontario and one in New Brunswick. Rather, I should say three in Ontario, one in Saskatchewan and Prince Albert. These have opened lately, so we have four new branches. There are two more in Ontario and one in Nova Scotia and there is an additional one operating in Nova Scotia at Amherst. We are planning to open a branch in Moosejaw, Saskatchewan and Sussex in the very near future. However, this is dependent upon whether funds are available. We have been loaning \$500.00



to assist in the establishment of new branches, that is for the first year. The second year it has been \$300.00 and the third year \$200.00. Our service is very steadily increasing. There are many places asking for information concerning it and we feel that we could do a very worth while service if our work was not limited through the lack of funds. The local organizations are doing their best to finance themselves, but in some cases they require these grants. We are unable to comply with this request in every case.

I doubt if there is any further information which I can supply, but I would be glad to answer any questions which you may have.

COMMISSIONER DAFOE: The organization has grown from year to year, has it?

SENATOR WILSON: Well, after the war years and for some time after, we did not make any tremendous advance. However, during the past two years we have carried on a campaign of publicity. I was put in charge of this work two years ago and one of the supervisors was released for the work. She has visited the districts where there were local branches and she has taken advantage of the different members of the Board of Governors to assist her. She goes to a new district and explains the purpose of this order. It is notable that the demand is increasing very much now that people find out the aims and purposes of this organization. Sometimes it is almost impossible to cover the area which one branch covers. There is only one branch listed in Montreal.

COMMISSIONER DAFOE: What area would one branch of this order ordinarily cover?

SENATOR WILSON: It varies quite a bit. There is only one branch listed in Montreal and it covers a tremendous



area. In the rural areas, the territory is even much more extensive. In these districts, of course, the nurse needs to have a car to cover the district. In Saint Catharines, during this winter, the organization has been carrying on the work on a very extensive scale. It has been extended to the rural districts and it is very interesting to find that the Kiwanis Club and other service clubs have supplied a means of transportation. This has assisted very materially in the work. Each branch operated on its own local autonomy, subject to local conditions.

THE ACTING CHAIRMAN: We can assure you that we were all aware of the very good work carried on by the Victorian Order of Nurses, and you can be assured that we will look very carefully into this brief. Did you have a statement to make Miss Smellie?

MISS SMELLIE: I have no statement to make, unless there are questions which you desire to ask.

BY MR. STEWART:

Q. There is just one point, Mr. Chairman, which I would like to draw the attention of the Commission. In the death rate statistics on Page 4, I think those were given as percentages, but on looking up the Canada Year Book, I find that they are rates per hundred thousand. Is that correct, Miss Smellie? A. Yes, that is correct.

COMMISSIONER DAFOE: What is the area which the order covers in Manitoba? I see you only have one branch there, and I was wondering if it covered the whole province.

MISS SMELLIE: No, we have the one branch in Winnipeg. The work in Manitoba has been more or less







limited due to the presence of the Margaret Scott Institute. This is the one province in Canada in which we do not carry, absolutely, the free work. It is carried by the Margaret Scott Institute. The free work constitutes a large proportion of our services. I would say approximately 50 per cent of our work is free work. Of course, our free work increased tremendously during the depression which has been frequently met by increased local grants.

With regard to the areas, the area is determined according to local conditions. For instance, one of our branches in Nova Scotia has asked, during the past few weeks, to extend its service to the two fishing villages which this branch felt needed the service. In one district in British Columbia, which is an extensive rural area, the branch is extending its services. All this, of course, is determined by the local branch's ability to pay and the facilities for transportation which might be available.

I believe one reason why the service has not been extended in the western provinces has been because of lack of publicity. A survey was made some years ago by Dr. Grant Fleming and he said we were truly Victorian in our policy in that we waited for the work to come to us. I think that is a criticism of our work which might be made. It is my belief that if we had been ready just after the war, when the provinces were ready to extend their services, our organization would have been used to a greater extent. We were not ready to meet this demand. However, we are ready now to cooperate with the health departments in an extension of their service. Apparently, though the health departments are not ready to extend their service to the bedside as yet.



COMMISSIONER DAFOE: You do cooperate with the public health nurses and services in the western provinces, do you not?

MISS SMELLIE: Yes, we do.

COMMISSIONER DAFOE: Does each branch finance itself? Or does it receive a grant?

MISS SMELLIE: Each branch finances itself through local grants from insurance fees and through local effort. The central body assists a limited number. We have no provincial subdivision at the present time. We prefer to keep the action directly between the national office and the local branch. Our eastern supervisor lives in Moncton and the western officer has lived in various places. In Ontario the office is here, in Ottawa.

THE ACTING CHAIRMAN: General Ashton, you will file this submission as Exhibit No. 388 for the records. We might also ask for this history of the order for an exhibit.

MR. FOWLER: It is quite different, would you like it separately marked?

THE ACTING CHAIRMAN: It will be Exhibit 389, then.

EXHIBIT NO. 388: Brief of the Victorian Order.

EXHIBIT NO. 389: History of the Victorian Order.

GENERAL ASHTON: May I ask that if a transcript is to be made of the remarks I made in connection with maternal death rate, I did say "percentage" but I find it should be "per thousand" and not "percentage".

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THE ACTING CHAIRMAN: Mr. St. Laurent, I understand you have some documents to file.

MR. ST. LAURENT: Yes. Exhibit No. 390 will be a copy of letter from the Acting Chairman to Mr. Beaulieu, representing the Province of Quebec, enquiring as to the possibility of hearing the Deputy Ministers and Directors of provincial services on the matter of overlapping. Exhibit No. 391, copy of letter submitting the questions that have already been made a part of the transcript of the proceedings. As Exhibit No. 392, a letter from Mr. Beaulieu to the Acting Chairman of the Commission, answering the letter filed as Exhibit No. 390. And a letter from the Prime Minister of Quebec answering the letter filed as Exhibit No. 391, stating that it is not intended to go beyond the statement Mr. Beaulieu had made at the opening session in Quebec, with a copy of the Acting Chairman's letter of May 25th, acknowledging receipt and stating that all these questions had been asked of the other governments, will be filed as Exhibit No. 393.

EXHIBIT No. 390.	Copy of letter dated May 13th 1938 from Acting Chairman to Mr. L.E. Beaulieu.
EXHIBIT No. 391.	Copy of letter dated May 13th 1938 from Acting Chairman to Mr. L.E. Beaulieu.
EXHIBIT No. 392.	Letter from Mr. L.E. Beaulieu to the Acting Chairman.
EXHIBIT No. 393.	Letter dated May 20th, 1938, from Premier Duplessis to Acting Chairman, and copy of letter dated May 25th, 1938, from Acting Chairman to Premier Duplessis.

THE ACTING CHAIRMAN: We will adjourn, to resume the Public Sittings Monday Morning at 10.30 a.m.

The Commission adjourned at 12.15 p.m. to resume at 10.30 a.m. Monday May 30th, 1938.













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